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Chair

The Honourable Wayne Easter

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● (0845)

[*English*]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I'll call the meeting to order.

For the official witnesses who are here—and many have presented submissions—I'll just make you aware of what we'll do for the next 15 minutes. When we're on the road and out of Ottawa, we usually have what we call open mike sessions, which give people the opportunity to come to a floor mike and make one-minute presentations on issues of concern to them. They do go into the record. There are no questions from members on those open mike sessions. We'll start with that session first.

I notice that we have quite a number of young folks here this morning. It's great to see you folks participating in the parliamentary process.

We'll start with Ronald Smith.

Mr. Ronald Smith (As an Individual): Good morning.

I consider myself a typical Canadian. I am also a CA with nearly 40 years' experience as a forensic accountant. I have two issues to bring up that I and many Canadians cannot get our heads around.

The first issue is the Phoenix payroll debacle. Blame is not the issue. I'm sure there's enough to go around. The bigger questions are these: How did it happen? How did the estimates keep increasing exponentially? Most important, how can this be prevented in the future?

The second issue is offshore income tax evasion. The public is not seeing enough done by the government. Why does it not appear that professional advisers are being held fully accountable? Without them, these schemes could not take place. "Too big to fail" is not acceptable; "too big to ignore" is the issue. To put this in human terms, with all these billions of dollars wasted, how many first nations could now have drinkable water or homes without mould? How many veterans could have their much-needed counselling?

Thank you for this opportunity.

The Chair: Thank you, Ronald, for your points and your directness.

Now we'll turn to Miss Eden Hildebrand.

Welcome, Eden. The floor is yours.

Miss Eden Hildebrand (As an Individual): Dear members of the finance committee, hi.

[*Translation*]

Good morning, my name is Eden Hilderbrand.

[*English*]

I am a Millennium Kid. Thank you for letting me speak today.

Last year I came to the pre-budget consultation meeting and mentioned that 260 million kids ages six to 17 do not attend school around the world. I did research again, and I was disappointed that there are still 260 million kids who don't get to attend school. I am grateful that Canada has spent millions on global education, but I think we have to do better for these 260 million kids.

All of you had the privilege of an education that led to your position in government. I hope that by 2030 every child will have a quality primary and secondary education. Your decision on Canada's budget can help make this happen.

I'm studying percentages in my grade 7 math class now. If our economy continues to grow and our foreign aid is still around $5 billion with small increases each year, as Canada's income goes up, our aid will go down as a percentage if we do not increase it a lot. Please do.

Thank you.

The Chair: Thank you very much, Eden.

Next is Tyson Brown.

Welcome, Tyson. Go ahead.

Mr. Tyson Brown (As an Individual): Hi. My name is Tyson. I'm 10 years old, and I live in Milton, Ontario.

I'm here to ask you to keep your promises about the sustainable development goals that were made in 2015.

This weekend I will eat two huge Thanksgiving meals. I've never known what it's like to be so hungry and not have enough food or clean water to drink. I'm also lucky to get an education at school.

I'm asking you to work towards giving 0.7% of Canada's yearly income towards SDGs so that other kids in the world like me can also get an education and not go hungry.

Thank you for what you've done and what you will continue to do.

● (0850)

The Chair: Thank you, Tyson.

Now we'll turn to Miss Samantha Carson.

Go ahead, Samantha.

Miss Samantha Carson (As an Individual): Dear members of Parliament, my name is Samantha Carson, and I am a Millennium Kid.

The only way to make sure the world's population has enough to eat is to honour our commitment. Please remember all of those people.

We hope to fulfill all 17 United Nations sustainable development goals by 2030. I am grateful that Canada spends over $5 billion in foreign aid. However, I'm concerned that Canada has decreased its foreign aid to 0.26% of our gross national income instead of living up to our promise and commitment of 0.7% of GNI.

Just last year the UN warned that the world faces the largest humanitarian crisis since 1945, with more than 20 million people facing starvation in four countries: Yemen, South Sudan, Somalia and Nigeria. How can we fulfill the second sustainable development goal—to end hunger and all forms of malnutrition—when the need is increasing but our support is decreasing?

The only way we can make sure that all people around the world have enough to eat is by fulfilling this commitment. Please make sure that you remember these people as you make your 2019 budget.

Thank you for your time.

The Chair: Thank you, Samantha.

We will turn to Vanessa Vittoria.

Go ahead, Vanessa.

Ms. Vanessa Vittoria (As an Individual): Good morning, everyone.

I am a Canadian youth who believes in equality, peace and prosperity for all. I am fortunate enough to have grown up in Canada, where I have received excellent education and health care. Perhaps even more importantly, I have felt safe.

After attending a World Vision youth leadership trip to Rwanda, I was shaken to realize the harsh reality that children live each and every day. I have seen first-hand the impact of Canada's investments globally.

I want to emphasize investments, because each dollar spent in overseas aid provides a return of $1.19 in Canadian growth. The growth communities experience the health of individuals who are thriving as a result. Development efforts are not solely a charity; they are about strengthening the global community and creating sustainable opportunities.

I am encouraged by the recent increases to international assistance; however, to effectively deliver on Canada's promises and Canada's feminist international assistance policy, more must be done. Therefore, I urge you to recommend annual long-term increases to international assistance in your report to Parliament on budget 2019.

Thank you for your time.

The Chair: Thank you, Vanessa.

Jointly, we have Matthew Lahey and Afraa Mustafa. Please give us your names again as I might not have them correctly.

Mr. Matthew Lahey (As an Individual): I am Matthew Lahey.

Mr. Afraa Mustafa (As an Individual): I am Afraa Mustafa.

Mr. Matthew Lahey: Honourable committee members, my name is Matthew Lahey and this is Afraa Mustafa. I am here on behalf of summerlunch+. We work in partnership with school food programs, providing healthy meals for kids over the summer months to ensure children don't fall behind academically.

We are one of more than 40 members of the Coalition for Healthy School Food, which is coordinated by Food Secure Canada.

Mr. Afraa Mustafa: Evidence shows that a national, universal, healthy school food program would increase children's consumption of healthy food, reduce their risk of chronic diseases, improve mental health, improve educational outcomes and increase graduation rates. Also, a national school food program would create jobs and grow local economies by investing in local agriculture and food businesses.

Mr. Matthew Lahey: Today we are asking your government to invest $360 million in your next budget to partner with key stakeholders within all levels of government and community groups in funding a cost-shared program estimated at $1.8 billion. Your support will make a positive difference in the lives and futures of our schoolchildren.

Thank you very much.

The Chair: Thank you, both.

We will turn to Lawrence Yeh.

Lawrence, welcome.

Mr. Lawrence Yeh (As an Individual): Honourable members, my name is Lawrence Yea, and I am a member of the ONE campaign in Canada.

Canada is the best-performing economy in the G7. We should be proud. However, on average, Canada invests 37% less in international assistance than other G7 countries. In fact, our investments have dropped by 12% since 2010. As Canadians, we must do more.

Worldwide, 766 million people live in extreme poverty, and women and girls are the most affected. New investments in the UN's sustainable development goals present a massive opportunity. Every dollar invested in an additional year of schooling generates earnings and health benefits of approximately $10 in low-income countries.

Let's continue to be proud of Canada's role in the world. I am here today to ask that in budget 2019 the Government of Canada commit to increasing Canada's spending on global development over 10 years through predictable 15% annual increases to the international assistance envelope, or IAE, starting in fiscal year 2019.

Thank you.

● (0855)

The Chair: Thanks very much, Lawrence.

Last on our list, but not least, is Irena Smith.

Ms. Irena Smith (As an Individual): Hi there, good morning.

My name is Irena Smith and I am a member of Engineers Without Borders Canada.

I am here to ask that in budget 2019 Canada commit to a 10-year timetable of predictable annual increases of 15% to the international assistance envelope. This is in keeping with recommendation 85, which the committee made last year in its report on the pre-budget consultations, and with the OECD report on Canada, which was just released in mid-September.

I was really encouraged to see the Government of Canada commit to increasing ODA in budget 2018, but despite this increase, Canada's ODA spending is still near a historic low, and is way below that of many of our global peers. These increases will simply keep the aid budget on track with inflation.

ODA is fundamental to our shared global prosperity. These investments support vital services abroad, such as health care and education. Increasing ODA through a predictable timetable in budget 2019 would show everyone that Canada is a committed global leader that is helping to create a global world, a better world for everyone.

Thank you very much.

The Chair: Thank you very much, Irena.

Thank you all for your presentations. They're important for us to have.

With that, we'll turn to our official witnesses. As everyone knows, these are the pre-budget consultations for the budget that will be tabled in 2019.

I will note that members have on their iPads your original submissions, those who submitted them before August 15. They'll be referring to those once in a while.

To give you an idea where everyone comes from and whom we represent, I'll ask the members to introduce themselves.

I'm Wayne Easter. I'm a member of Parliament from Prince Edward Island with the governing party.

Peter, please begin.

Mr. Peter Fragiskatos (London North Centre, Lib.): Good morning, everyone. I'm Peter Fragiskatos from down the road, I guess, if you want to put it that way. We've been all over the country. I'm from London, Ontario. I was elected in 2015, served on the foreign affairs committee, and now serve on the finance committee.

Thank you very much for taking part, and for your presentations today. I'm really looking forward to that.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Good morning, Chair, and good morning, everyone. Welcome. Thank you for joining us today.

I'm Francesco Sorbara, member of Parliament for Vaughan—Woodbridge, which I suppose can be considered the GTA, because you can walk from my riding into Toronto and back, so there's really no difference.

I look forward to hearing each of your stories. Thank you.

[*Translation*]

Mr. Greg Fergus (Hull—Aylmer, Lib.): Good morning, my name is Greg Fergus. I am the member for Hull—Aylmer, a riding in Quebec, and I have been a member of the Standing Committee on Finance for over two years.

I must tell you that you have quite a challenge this morning because we had some fine presentations from members in the audience. So good luck.

Mr. Peter Julian (New Westminster—Burnaby, NDP): Good morning, my name is Peter Julian. I am the vice-chair of the committee and I represent the NDP.

[*English*]

I represent the riding of New Westminster—Burnaby, on the other side of the country. I'm very pleased to be here in Toronto.

Ms. Leona Alleslev (Aurora—Oak Ridges—Richmond Hill, CPC): I'm Leona Alleslev. I'm the member of Parliament for Aurora—Oak Ridges—Richmond Hill.

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): I'm Pat Kelly, member of Parliament for Calgary Rocky Ridge, and a member of the opposition Conservative caucus.

The Chair: Thank you, members, and welcome.

We'll start with Brian Kingston from the Business Council of Canada.

Welcome, Brian.

Mr. Brian Kingston (Vice-President, Policy, International and Fiscal Issues, Business Council of Canada): Good morning, Mr. Chair and committee members. Thanks for the invitation to take part in your pre-budget consultation.

The Business Council of Canada represents chief executives and entrepreneurs of 150 leading Canadian companies in all sectors of the Canadian economy. Our member companies employ about 1.7 million Canadians and account for roughly half of the value of the Toronto Stock Exchange.

First, let me begin by congratulating the Prime Minister, his cabinet, and chief negotiator Steve Verheul, as well as the team at Global Affairs Canada for achieving a successful outcome in the North American trade negotiations. I'm hesitant to call it the USMCA. I'm going to stick with NAFTA. This is a really good outcome. It provides much needed certainty and clarity for investors in all three countries. This will enable companies to move forward with job-creating projects and expansion plans that we know from conversations with our members were on hold until there was more clarity regarding the North American relationship.

We hope and expect that the Government of Canada and the U.S. administration can continue talks and work towards lifting the illegitimate tariffs on Canadian steel and aluminum exports to the benefit of our industry here.

With that, I'll get into the council's pre-budget submission. In this submission, we ask the government to introduce a comprehensive strategy to improve competitiveness, diversify trade and attract private sector investment. According to a recent survey of our members, only one in seven CEOs expressed confidence in the competitiveness of Canada's business climate. According to that survey, the tax and regulatory burden combined with concerns around the availability of talent were the most important factors affecting company investment plans in Canada.

Among other recommendations, we've called on the government to undertake a comprehensive review of Canada's tax system with the goal of strengthening incentives for investment and growth. We believe the need for this review has only been intensified by the implementation of the U.S. Tax Cuts and Jobs Act earlier this year.

Canada's tax competitiveness has slipped over the last decade as other countries have moved to reform their tax system. Our average combined federal and provincial corporate tax right now sits at three percentage points higher than the OECD average. The OECD average is 23.7% and we're now at 26.8%.

Effective January 1, 2018, the U.S. reduced its federal corporate income tax rate from 35% to 21% and allowed for full expensing of investments in machinery and equipment. This tax reform package also introduced new international tax rules. They encouraged multinationals to shift capital back into the U.S.

These changes have given the U.S. a significant tax advantage over many advanced economies but in particular Canada, given our very close proximity and dependence on that market. According to a recently released study that we commissioned by PwC Canada on the implications of U.S. reform, failing to respond to these changes threatens 635,000 jobs and $85 billion in GDP. The PwC study finds that the tax reform measures in the U.S. have made that location substantially more attractive to locate capital-intensive businesses specifically.

The sectors that we find at most risk as a result of U.S. reform are chemicals, machinery manufacturing, plastics and rubber manufacturing, transportation manufacturing, mining, and food manufacturing. All else being equal, these sectors as a whole will likely face a significant shift in investments from Canada to the U.S. over the next 10 years.

Ontario, unfortunately, will face the most significant impact of this, with 43% of that GDP impact attributed to Ontario, given that Ontario is the home to many of these capital-intensive sectors.

To counteract those effects, PwC identified a number of policy options for your consideration. The first is gradually reducing the combined corporate tax rate to 20%. The second is introducing a temporary 100% depreciation allowance for business spending on equipment structures and acquired intangibles. This is patents, trademarks and copyrights. The third is increasing federal personal income tax brackets to more closely align with the U.S. tax brackets. The fourth is enhancing the system of tax credits for business spending on research and development. This is SR and ED primarily. The fifth is considering the introduction of a tax incentive known as a "patent box" in Canada. This would incent companies to locate research and development operations here.

With that, I look forward to any questions you have and I thank you for the opportunity.

● (0900)

The Chair: Thanks very much, Brian.

Turning to the Canadian Association for Retired Persons, we have Ms. Tamblyn Watts.

[*Translation*]

Ms. Laura Tamblyn Watts (Chief Public Policy Officer, Canadian Association of Retired Persons): Good morning, everyone.

[*English*]

My name is Laura Tamblyn Watts, and I'm the chief public policy officer for the Canadian Association of Retired Persons, which I'll call CARP throughout my submission.

Thank you for the honour of addressing you today.

CARP is a national, non-partisan association that advocates for older Canadians. CARP's more than 300,000 members play an active role in developing our advocacy agenda. Our members are committed to real change and appreciate the opportunity to make our submission to you today.

Older Canadians, and CARP members in particular, are very active voters, with 98% of all CARP members having voted in the last federal election. In a very recent poll, 98% of them committed to voting in the upcoming election as well.

We are challenging the government to focus on five key areas, and I'll spend a bit of time drawing out individual recommendations without going through our entire platform. We are challenging the government to look at the questions of financial security, elder abuse prevention, caregiving and housing supports, exceptional health care, and social inclusion for all older Canadians.

As Canada is home to more than six million seniors, with 1,000 Canadians turning 65 every day, we already know that older adults outweigh children, and it's important that the Government of Canada invest accordingly to protect their needs.

With some key recommendations, I'll start with our recommendation that we protect pensioners by granting unfunded pension liabilities super-priority status. Right now, 1.3 million Canadians with corporate defined benefit pensions are potentially at risk of having their pensions slashed. We all know about the recent concerns with regard to the Sears issue, but this is not the first time it has happened. Without real change to include super-priority of pensioners, we will see this happening time and time again. We encourage all our older adults, and indeed all adults across their life course, to save and to protect pensioners and the contributions of those pensioners, but when it comes down to it, without the opportunity to have the super-priority, it is the pensioners who lose out.

Our recommendation is that the Government of Canada protect pensioners by granting unfunded pension liabilities the super-priority status under the Companies' Creditors Arrangement Act and the Bankruptcy and Insolvency Act.

To better protect the middle class, we also recommend that the Government of Canada eliminate mandatory RRIF withdrawals. With RRIF rules last updated in 2015, it was important to recognize the longevity, but right now we already know that older adults are at significant risk of outliving their retirement incomes. When we are trying to ask people to save more and work longer, it makes no sense whatsoever to make them de-accumulate at age 71. We know that the 71 years of today is not the 71 years when we originally set up the scheme. We need to get rid of the obligation for RRIF withdrawals.

We call upon this government to improve investor protections for all Canadians, with the focus of making the Ombudsman for Banking Services and Investments the single, unified and binding dispute resolution policy body for all banking and investment services. It is right now on the investor side. Older adults and all adults are very challenged, because when they have a problem with their financial institution, the system is in a competitive market and what ends up happening is, with many of the financial institutions, indeed 75% now of all Canadians will have to go to a dispute resolution body that the bank has paid for. We are calling on the government to change the rules with the Bank Act to ensure that all people have equal access to a single, unified and binding dispute resolution process, which is the OBSI.

We call on the government to significantly invest in education, awareness and research around questions of elder abuse, ageism and how we can more fruitfully include older adults in aspects of the world in which we live today.

We call for caregiving and housing supports. In particular, we want to support caregivers by aligning provincial employment standards with federal EI benefits, and increasing the family caregiver benefit from 15 weeks to 27 weeks of unpaid job-protected caregiving leave.

We would like to change the requirement that a family member must be facing significant risk of death, to include in the compassionate care benefits people who are critically ill. We don't know necessarily if they're going to die, but we know if they're very ill, and that should be good enough.

● (0905)

Last, we'd like to make the Canada caregiver tax credit a refundable tax credit to ensure that all caregivers, who are overwhelmingly women, are treated equally.

Thank you.

The Chair: Thank you very much, Laura.

From the Canadian Women's Foundation, we have Ann Decter and Karen Campbell.

Welcome.

● (0910)

Ms. Ann Decter (Director, Community Initiatives, Canadian Women's Foundation): Thank you.

Good morning. I am Ann Decter from the Canadian Women's Foundation, and I'm here with my colleague, Karen Campbell.

On behalf of the Canadian Women's Foundation, the only public foundation dedicated to women and girls, thank you for the opportunity to speak today. Our foundation provides funding to women's organizations across the country and builds the women's sector through knowledge mobilization, networking, collaboration and advocacy.

Canada's competitiveness is significantly compromised if half the population is left behind. Gender equity is fundamental to our social, political and economic progress and our prosperity. As the government recognized in budget 2018, public policy requires a robust intersectional gender-based analysis. We welcome the 2018 gender results framework and look forward to seeing the reporting on it.

To ensure that the government's approach to improving Canada's competitiveness is gender responsive and inclusive, we recommend the following measures:

Sexual assault is a public health issue requiring a stable public health response. Expanded public attention has reduced victims' stigmatization and brought survivors' voices to the public sphere. Demands on sexual assault services have spiralled. To begin to meet demand, we recommend initiating a dedicated fund to support sexual assault centres of $20 million annually jointly administered by Status of Women Canada and the Public Health Agency of Canada.

The 2018 federal budget's support for legal aid clinics working on sexual harassment and sexual assault should be dedicated to survivors and doubled to $10 million annually. Budget 2018's outreach program to increase workplace awareness of sexual harassment and assault should expand to include workplace training, delivered with community partners and with an emphasis on sectors with low retention of women, such as STEM and the trades. We recommend an additional $5 million annually for training.

Yesterday was Sisters in Spirit day, honouring indigenous women and girls lost to violence. The National Inquiry into Missing and Murdered Indigenous Women and Girls needs full support and ongoing funding to meet the needs highlighted in the inquiry process. The federal government should implement all Truth and Reconciliation calls to action to reduce disappearances and murders of indigenous women and girls.

Safe intercity transportation is essential to violence prevention in rural and remote areas. For indigenous women this can be a matter of life and death. Innovative funding is needed, with a focus on restoring access and dedicated funds for women entrepreneurs and women-run services.

Ms. Karen Campbell (Program Manager, Community Initiatives, Canadian Women's Foundation): To end gender-based violence, education on healthy and equal relationships is essential. We recommend an annual investment of $4 million to support organizations providing healthy relationships and consent education programs for teens. The Canadian Women's Foundation is uniquely positioned to support organizations doing this work.

Ontario is questioning the place of consent education in schools. The federal government has an important opportunity to support strong action on sexual education and to make women and girls in Canada safer.

To alleviate women's poverty, closing the gender pay gap is a necessary step that is vital to Canada's economic competitiveness. We anticipate the introduction of proactive federal pay equity and pay transparency legislation in some form this fall and look forward to the details. With women's organizations across the country, we recommend an investment of $80 million annually allocated to a new pay equity commission, with additional resources to hire at least 50 dedicated pay equity enforcement officers.

Access to affordable child care is also vital to Canada's competitiveness. Lack of affordable child care restricts women's workforce participation. Child care is a gender equity and income security issue for families of all income levels. We recommend that the federal government continue building toward universal access to affordable quality child care by increasing investments to a minimum of $2 billion annually. A well-funded women's sector is most effective in ensuring that legacy gains in gender equity are maintained and strengthened and that women's poverty is alleviated. The women's program at Status of Women Canada which previously offered long-term funding to address gender inequality should be restarted.

We are encouraged by the government's feminist international assistance policy and recommend a similar commitment of funding to women's organizations in Canada and the creation of a matching fund for national feminist philanthropy. The Canadian Women's Foundation would be pleased to work with Status of Women Canada on the development of a matching fund and offers to act as a convenor of national feminist organizations for the process.

We welcome the government's first voluntary national review and commitment to the collaborative development of a strategy for the 2030 sustainable development agenda. To ensure this strategy is gender responsive, we recommend allocating funds to support the participation of women's organizations in its development, implementation, and monitoring. We also recommend increased funding to community organizations that are contributing to the realization of the SDGs through programs and services that are gender responsive and intersectional.

Thank you again for the opportunity to address the committee today. Further details are included in our brief, and we're happy to answer any questions.

● (0915)

The Chair: Thank you, Karen and Ann.

From the Income Security Advocacy Centre, we have Ms. Laidley and Ms. Marrone.

Ms. Mary Marrone (Director, Advocacy and Legal Services, Income Security Advocacy Centre): Good morning. My colleague and I are with the Income Security Advocacy Centre. It's a specialty legal clinic with a mandate to improve the income security of low-income Ontarians. Thank you for this opportunity.

Canada's income benefit programs need to be modernized to be responsive to today's economy and meet the needs of Canada's most vulnerable communities. Precarious employment is on the rise across the country. Part-time or short-term contract jobs rarely include benefits. Those jobs are disproportionately held by women, people from racialized and immigrant communities, and indigenous persons. Canada is relying on a growing number of temporary foreign workers to meet demand for labour. Because many of Canada's benefit programs are based on work-related contributions, they do not respond well to today's labour market and today's economy.

Today I'll focus on two programs: employment insurance and the Canada child benefit.

First, working Canadians need a better employment insurance program. As a result of both program rules and the rise in precarious employment, EI is playing a shrinking role in Canada's economic safety net. Across Canada, only 41% of unemployed people receive EI. In Ontario that number is 29%. Women fare even worse at 26%. Because on average they earn less than men, their benefit levels are lower.

We propose a number of solutions. Reduce qualifying hours to 360 across Canada. Introduce a minimum benefit level for all Canadians. Make extended parental benefits a real option for low-income parents by applying that minimum rate for the full benefit period. Increase the number of weeks of EI sick benefits. Restore migrant workers' access to parental benefits, which was ended by the previous government. Finally, make regular benefits available to temporary foreign workers by using an open work permit system for all migrant workers so they can meet the program requirements.

The Canada child benefit, on the other hand, has been a public policy success story. It's a tax-delivered benefit that reaches families across the country, and benefit levels are based on income, not contributions. The federal government has said that it has lifted tens of thousands of children out of poverty and is a driver for economic growth. However, unequal access to the child benefit means that some of the poorest children in Canada are not receiving it. The program needs some enhancements in order for it to fully meet its policy objectives.

The first issue is an eligibility requirement that's based on the immigration status of the child's parents. Some parents without permanent residence status are not eligible, while these same parents are deemed to be residents of Canada for income tax purposes. Despite the fact that many of their children are born in Canada, these families will not receive benefits for those critical early years, leaving these children with lifelong barriers to opportunity and success.

We've provided your staff with a report that details these issues and the negative impact on Canada's most vulnerable families. I can give the example of when a mother is sponsored by the father and he becomes abusive. If she leaves with the children, the children will no longer receive the benefit because the immigration status of the mother is in jeopardy. This policy drives women to stay in abusive relationships, or else they simply give up custody of their children. A simple solution to this problem is to amend the Income Tax Act. All parents who are considered residents for tax purposes should also be eligible for the tax-delivered benefit.

Other barriers to accessing the CCB exist even for those who are technically eligible. Many first nations families living on reserve do not file taxes and therefore are not accessing this benefit. Some progress has been made on this front, but more work needs to be done. The federal government should work with first nations to find a solution to this problem.

Serious problems can arise where eligibility is disputed by the Canada Revenue Agency. Benefits are suspended by the CRA while parents try to prove and reprove their eligibility. CRA appeal processes are neither accessible nor transparent. Families can go for months without benefits, often putting their housing at risk. The better the benefit gets, the bigger part of the budget it is for a low-income family. There's a serious impact when those benefits are suspended. A better and more accessible process needs to be devised.

● (0920)

Finally, our colleagues in legal clinics in northern Ontario have also reported that CRA audits seem to disproportionately impact first nation families. Those audits lead to suspension of benefits while eligibility is confirmed. The audit process needs to be reviewed to ensure that it does not inadvertently target first nation families.

Thank you. My colleague and I welcome any questions you might have.

The Chair: Thank you very much.

Turning now to Ryerson University, we have Mr. Craney and Mr. Liss.

Dr. Steven Liss (Vice-President, Research and Innovation, Ryerson University): Good morning, and thank you, Mr. Chair and members of the committee. I'm Dr. Steven Liss. I'm vice-president, research and innovation, at Ryerson University. I'm joined by my colleague, Ryerson's deputy provost and vice-provost, university planning, Glenn Craney.

For universities, investments in tri-agency funding, the Canada Foundation for Innovation, and the research support fund are key to creating knowledge, advancing innovation, and fostering the next generation of talent in building a more innovative Canadian economy. We support Universities Canada's recommendations, including investments in the development of future skills for students. To quote budget 2018, "better is possible".

Ryerson has considerable experience with career-oriented and experiential learning. We have built a reputation for equipping students with the power skills needed for the 21st century: entrepreneurship, communication, innovation and leadership.

The government's commitment to creating the conditions for all Canadians to succeed in the future economy is crucial. Universities, community groups, government and private sector partners can work together to develop technological, physical and social infrastructure that ensure pathways to opportunities for everyone.

I'd like to focus on three specific initiatives where our experience and vision can be leveraged for national impact.

The first is cybersecurity. It's a matter of urgent national importance, which this government acknowledged in the recently released national cybersecurity strategy. The stability of our national economy and the continued operation of our country's critical digital infrastructure is central to our economic future. Cybersecurity will have a trillion-dollar impact on the world economy, driving an unprecedented demand for global talent.

To position Canada to take advantage of these opportunities, Ryerson University recently announced the establishment of a national centre for cybersecurity, the Cybersecure Catalyst. It will contribute to filling the talent gap through training and certification for cybersecurity professionals, advancing Canadian cybersecurity innovation by undertaking applied research in partnership with industry, supporting cybersecurity ecosystems by accelerating Canadian cybersecurity start-ups and scale-ups, and importantly, contributing to public education and policy development in this field.

The Cybersecure Catalyst is perfectly positioned to collaborate closely with the recently announced Canadian centre for cybersecurity and the national cybercrime coordination unit in fulfilling their mandates. The Cybersecure Catalyst operations will cost approximately $50 million over five years and these funds will be raised from industry, partners, and government. We recommend that this government invest $25 million over five years in the Cybersecure Catalyst to strengthen Canada's position as a global cybersecurity leader in the scalable, collaborative platforms that engage government, post-secondary institutions and industry.

Second, in line with the government's science agenda, Ryerson is expanding its research and education in STEM disciplines and is taking science to the public to create a culture of science for Canada. To realize our vision, to make science accessible and to ensure that we develop an inclusive pool of STEM talent, we will do so in a new home for science innovation in the heart of downtown Toronto, closely integrated with initiatives like the Cybersecure Catalyst and our national innovation network. This new facility will be a platform connecting our research and talent development with industry, the local community and Canadian society.

We've identified $100 million in internal funding to support this project and we're seeking an additional $100 million towards the total costs of this 300,000 square foot state-of-the-art facility.

Third, Ryerson is home to DMZ, the university incubator ranked number one in the world. Building on our record of achievement, Ryerson is a founding member of the Incubate Innovate Network of Canada, I-INC. I-INC began as a network of campus-based incubators and accelerators and has expanded to be a globally connected, pan-Canadian platform for leading entrepreneurial and innovative universities as it's focused on bridging the gap between a lab and the global marketplace.

Drawing from international best practices and leveraging the expertise in its innovation space and program delivery, I-INC will accelerate access to entrepreneurial skills, development and talent, and support for scaling companies that can be leveraged by regional superclusters, our own research capacity, innovative solutions Canada, and other priority innovation initiatives. The I-INC partners will be looking to the federal government for $60 million in funding that will be matched by an additional $28 million for a total estimated program cost of $88 million over five years to be spread across the entire national network.

Thank you for the opportunity to contribute to this important consultation process. I am happy to answer any questions you may have.

● (0925)

The Chair: Thank you, Steven.

Next is Ms. Lenton from York University.

Dr. Rhonda Lenton (President and Vice-Chancellor, York University): Good morning, Mr. Chair and members of the committee. I'm Rhonda Lenton, the president and vice-chancellor of York University. Thank you very much for the opportunity to speak on behalf of the university

We are Canada's third-largest university, with one of the largest graduate cohorts in the country. York is progressive and inclusive, providing a diverse socio-demographic of students with access to a high-quality, research-intensive university committed to the public good.

There are 45% of our students who are the first in their family to attend university, and 75% are working part time to support their studies. Our graduates understand the value of a university degree and the positive impact it will have on their upward mobility in today's economy. Two-thirds of all new jobs require higher education, yet it's important to note that Canada ranks only seventh in terms of university enrolment according to the OECD.

If we want to increase our international competitiveness, we must ensure that all qualified students have the opportunity to attend university if they wish to do so. Experiential education opportunities enhance the quality of student learning, provide career-relevant work and better prepare them for a changing global knowledge economy, and that is expanding, putting a premium on experiential education in all of its forms. At York, 26% of students participate in experiential learning opportunities. Universities need the government's assistance to increase that number, not just by investing in experiential learning, but also by leveraging government relationships with the private and public sectors and incentivizing organizations to increase those opportunities.

This requires ongoing investment in university research infrastructure, which allows us to continue attracting and retaining top researchers and graduate students from across the world, modernize our aging facilities and provide research activities for all our students.

A 2018 report by the Expert Panel on the State of Science and Technology and Industrial Research and Development in Canada found that countries that strategically support research and development and cultivate an extensive base of research talent and expertise will benefit the most from coming research advantages and discoveries. An increased investment in university infrastructure and the research support fund is an investment in our students and our country, as universities provide 40% of all R and D in Canada, making a positive impact on the social, economic, cultural and environmental well-being of Canada.

This investment creates jobs and stimulates the economy. For example, the recent SIF investments at York have led to economic output equivalent to creating more than 1,200 high-quality jobs for one year. Investing in the next generation of research talent through increased scholarships and fellowships for graduate students will further intensify our upward research trajectory.

We appreciate government investment in tri-council funding. We know that Canada, however, has struggled with innovation and productivity when compared to international peers, as noted by the 2018 expert panel.

One way to address this shortcoming is by expanding the breadth and increasing the volume of research undertaken by researchers at Canada's universities, by providing additional individual awards to match the rise in graduate enrolment and harmonized funding across all granting councils.

Finally, international study opportunities will increase Canada's competitive edge in the global knowledge economy. However, only 11% of Canadian students take part in an international study experience. This has remained stagnant for decades. To forge relationships that attract foreign direct investment and to give our labour force the knowledge and cultural skills they need to thrive, we ask that the federal government establish a dedicated fund for supporting student international learning experiences and eliminating the restriction on international portability of scholarships and fellowships to support faculty research collaborations.

● (0930)

Thank you for your leadership in the fundamentally important task of using higher education to improve the lives of all Canadians.

I'm happy to answer your questions. Thank you.

The Chair: Thank you very much to all of you.

We will start with seven-minute rounds.

Mr. Fragiskatos.

Mr. Peter Fragiskatos: Thank you, Mr. Chair; and thank you to the witnesses.

I want to begin with the Business Council of Canada.

We are the committee studying competitiveness and what that means for the Canadian economy, where we currently are, and what we can do as a country, particularly what the government can do, to boost our competitiveness.

Mr. Kingston, you talked about the need to introduce incentives to stimulate economic growth. I want to ask you a very direct question about accelerated capital cost allowance. Does the Business Council of Canada have a view on this issue?

Mr. Brian Kingston: Yes, we do. Our overarching recommendation is that the government introduce immediate expensing for capital investment similar to what the U.S. has done.

Mr. Peter Fragiskatos: Are you saying similar or mirror it exactly?

Mr. Brian Kingston: We recommend not mirroring it exactly, simply because the definition of investments covered by the U.S. measure is very broad. It includes, for example, structures, and it doesn't include intangibles, where we think there is opportunity to do that here in Canada. The key is that it is immediately a 100% deduction, but there can be some discussion around what should be qualifying in that deduction.

Mr. Peter Fragiskatos: I know this issue has generated a great deal of interest, particularly among economists and the folks in the business community. However, there are those who are skeptical.

The economist at the University of Calgary, Jack Mintz, who, as you know, has done a great deal of work on taxation, has said there is very little evidence, if any at all, that introducing an ACCA would boost the Canadian economy. He has pointed to efforts to introduce it under Mulroney in the 1980s for manufacturing. This continued in the mid-2000s under Mr. Harper. He says it basically didn't work.

Can you point to other evidence that suggests it does work?

Mr. Brian Kingston: I'm very familiar with Jack's perspective on this. The thing that I don't think he's necessarily accounting for is the fact that, yes, there is evidence that if you introduce it in a vacuum it may not stimulate additional investment, but what a PwC study showed is that we don't operate in a vacuum. We sit beside our largest trading partner, the biggest economy in the world, that has introduced this measure. If you are a capital-intense sector here in Canada, there is a significant incentive now for new investments to be in the United States.

I don't think you can necessarily look at historical evidence around ACCA and then conclude, therefore, that this won't make a difference. We're seeing businesses make decisions in real time around where they want to invest capital. It's simply about levelling the playing field.

One other point on what Jack has been saying, where we agree, is that this type of tax expenditure is basically another hole in the tax system, and he has argued for a comprehensive review. We generally align on that viewpoint. We've been calling for a comprehensive review, with the objective of a broad tax base and a low rate. That's the ultimate outcome.

I just think that, unfortunately, given the situation we're in and what the U.S. has done, it leaves us no choice but to respond immediately.

● (0935)

Mr. Peter Fragiskatos: It's a reasonable view. I read his comments in the Financial Post and then looked at his testimony to the Senate committee on banking, I think. I come from academia. I have respect for anyone who has studied this. Jack Mintz has studied taxation his whole life and hasn't found a tax cut he didn't like, and I think he himself would admit that. I was quite struck by his comments and I wanted to get the view of the council on that issue.

I have only about two and a half minutes left. Very quickly, because I want to go to Ms. Watts, do you say yes or no to free trade with China?

Mr. Brian Kingston: Yes.

Mr. Peter Fragiskatos: Okay. That's very clear.

Ms. Watts, you recommend that the government take action on the issue of elder abuse in Canada. The scale of the problem is striking indeed. According to Statistics Canada, one out of eight Canadian seniors experiences elder abuse each and every year.

By 2063, seniors will comprise 25% of the Canadian population. I don't have to tell you these numbers, but it's important to get it on the record and to show you that I genuinely care about these matters. Is there not existing programming or is there not sufficient programming right now to deal with this issue?

You recommend something quite specific, a 1-800 number to report it, and funding to research elder abuse. What are we doing now and why do we need to pivot in a different direction to combat this problem?

Ms. Laura Tamblyn Watts: We're doing very little. Under a previous government, there were national awareness campaigns and so on, but response to elder abuse falls under the provinces and territories. There is no sustained funding for any organization in Canada to focus on elder abuse and neglect. The data from a national prevalence study, which you also referred to, by Statistics Canada under-represents the problem because most elder abuse and neglect is not reported. I speak with great respect to my colleagues in the women's movement. We know very well that people don't report abuse and neglect.

If we had an opportunity for people to at least find out about the community-based resources which do exist thinly on the ground, a 1-800 number with someone answering the phone to help direct them would be a very specific, doable measure that this government could implement. We also need an awareness campaign and supports for organizations on a sustained basis to respond.

Mr. Peter Fragiskatos: The previous government had introduced an awareness campaign. Are you saying that it wasn't effective?

Ms. Laura Tamblyn Watts: It was extremely effective. We have statistics which indicate that when the national awareness campaign was invested in—and with investment also, like my colleagues were mentioning, in the research and development field within universities in knowledge mobilization, funding that had priorities and tri-council funding combined with awareness—we saw jumps in reporting of between 27% to 43%.

Mr. Peter Fragiskatos: Well, that's encouraging.

I only have about 20 seconds left.

Are you worried about jurisdictional issues? When you say that elder abuse right now is under the purview of the provinces and the territories, are you worried that the federal government's coming in and doing what you're suggesting would raise jurisdictional challenges?

Ms. Laura Tamblyn Watts: No, the provinces and territories are begging for help.

Mr. Peter Fragiskatos: Okay. Thank you very much.

The Chair: Thank you all.

We'll turn now to Mr. Kelly for seven minutes.

Mr. Pat Kelly: Thank you.

Ms. Marrone, thank you for raising the issue of the way the CRA's clawing back of benefits can affect the income security of vulnerable Canadians. This is an important issue. In fact, the CRA recently did a study of focus groups, where it was reported that single parents who have income supports clawed back have found the processes to confirm status as a single parent to be humiliating, riddled with anxiety, and altogether unduly onerous.

Do you have anything that you may want to comment on the process by which single parents must comply in order to file a return and not have their CCB, for example, clawed back?

Ms. Mary Marrone: I think there are two issues.

One is the original eligibility process and the filing of taxes. There has to be support available to people in filing tax returns. Many low-income people think they don't need to file tax returns because they don't owe taxes. This means they miss out on things like this benefit and other refundable tax credits.

The second issue is what happens when, out of the blue, you get a letter from CRA saying that it needs to confirm that you're a single parent and that it needs a list of information. It's usually a page and a half long and impossible to comply with, and there's no one to call to find out what's the issue, what you actually need to do.

What we actually need is a different appeals process. We haven't tried to design that. It's an important technical issue. I was part of a provincial process where we recommended that either an academic institution or a think tank look into what would be a better way of having an accessible and transparent appeals process. When the CRA cuts off your benefits and you're left without any, there should be a place that you can go for the possibility of interim benefits while you have the fight and that is actually accessible to people.

Right now you have the internal appeals process at the CRA. If you're unsuccessful there, you have to go to tax court. That's a difficult forum, even for lawyers.

● (0940)

Mr. Pat Kelly: Do you have any evidence right now or from the groups of people that you looked at around simply the CRA's even acknowledging receipt of a return? We have cases that I'm aware of where seniors who receive the guaranteed income supplement are being told that they haven't filed a return, even if they have filed a return. The immediate non-filing triggers the clawback of income supports that these Canadians rely on to get through the month. Do you have anything you want to add on that?

Ms. Mary Marrone: I have no doubt that happens. As legal clinics, what we usually see is when someone is in receipt of benefits and then suddenly there's a demand for information that's impossible to comply with, and those benefits are terminated.

Mr. Pat Kelly: I'm going to turn now to Mr. Kingston.

In your brief, you spoke a little about competitiveness in the energy sector, and you maybe didn't have enough time. It's a very short time that you have to present.

I represent the constituency of Calgary Rocky Ridge, where there are many thousands of workers who rely on this sector, either directly or indirectly, thousands of whom have lost their jobs or their businesses over the last number of years. I was told via a trader in Calgary yesterday that we are up close to $40 in discount right now. This discount that we lose is worth billions of dollars annually. Being able to get our products to market would generate tax revenue. All the suggestions we've heard today for new program expenditure could be funded many times over if we were not losing this differential.

Could you comment on the competitiveness of our energy sector?

The Chair: The discount was $39.47 a barrel.

Mr. Pat Kelly: Multiplied by a million and a half barrels exporting that day, that's $60 million in one day.

Mr. Brian Kingston: The discount has been a huge concern for us and for our members. We've been recommending for years that infrastructure be built to get oil and gas to foreign markets. We've advocated for a process of one project, one review. That still is not the case in Canada. Much work needs to be done to get there to enable projects like that.

In addition to just access to markets, tax is extremely important for this sector. In the study I referenced, because of U.S. tax reform, you now see a significant gap in average and marginal tax rates when you compare Alberta to, for example, Texas and Louisiana. The average tax right now in Alberta for the oil and gas sector is 23.9%. If you look at Texas, it's gone from 26% down to 15.8%. We had a small advantage, and now we have a significant disadvantage for new investment in Alberta in that sector. We estimate that this could affect up to 45,000 jobs in Alberta, specifically in that sector.

I'm concerned about the sector. It faces many challenges, and it's not just infrastructure; it's also the tax factor.

Mr. Pat Kelly: On capital flight, do you have any specific numbers or data that you would like to add on this? The number we've heard is coming up to $100 billion that has been lost. Can you add anything to help us understand the scope and scale of the capital flight and the corresponding job loss and tax revenue erosion?

● (0945)

Mr. Brian Kingston: Sure. I don't have the exact numbers on me, but we know that last year was the worst year for FDI inflows into Canada since the financial crisis. In addition, a lot of that has been driven by a lack of capital investment since 2015 and the oil price shock in the energy industry. We're witnessing a very negative trend in investment in Canada. It's partly due to U.S. tax reform but also to lower oil prices.

The Chair: Is FDI foreign direct investment? Is that what you're saying, Brian?

Mr. Brian Kingston: Yes, I was talking about FDI flows, foreign direct investment inflows.

The Chair: Thank you.

We'll go to Mr. Julian.

Mr. Peter Julian: Thank you, Mr. Chair, and thank you to our witnesses.

I was a financial administrator before I was elected to Parliament and I always balanced my budget, paid down debts and enhanced services. I always found it's a question of priorities; it's about making the right decisions.

As Mr. Smith mentioned when he spoke at the microphone earlier, we're wasting tens of billions of dollars in overseas tax havens. The federal government bought an old leaky pipeline for $4.5 billion and is going to spend $10 billion or $11 billion trying to put it through, and in my province of British Columbia that results ultimately in the creation of 50 full-time positions. Massive amounts of money are being spent in the wrong places. It seems to me when I look at each of the priorities you've enumerated, they would have a profound impact on the quality of life of Canadians, and you're looking for crumbs. You're looking for incredibly small amounts compared to the billions that Ottawa seems to want to waste.

Ms. Watts, I think you raised some important priorities about seniors. First was the fact that so many seniors lose their pensions, and you mentioned Nortel and there are the Sears pensioners, because of lack of pension protection. You also flagged the fact that many seniors become homeless after hospital stays. In my riding I know of a number of cases of seniors who went into the hospital and lost their housing as a result and they're now on the street in a country as wealthy as Canada.

What happens to seniors when pensions are not prioritized, when the banks get the money before the pensioners do? What happens when we don't have in place any sort of infrastructure to protect seniors' housing when they're forced to go into a hospital?

Ms. Laura Tamblyn Watts: What we see is that older adults are living in poverty. We see particularly older women disproportionately affected. We see poverty across the women's life course.

We see challenges with housing security in particular where they may have to go into a hospital and they may have been in some form of housing like long-term care and they'll lose that. We see challenges with filing tax returns and benefits because they're unwell or unstable, so they can't actually get the support they need to file their income tax returns, which would then allow them to get benefits. The knock-on effect with regard to health cannot be underestimated.

When we're talking about financial security, I'm also talking about social security. I haven't had too much of an opportunity to say that, but perhaps what I can do is take what you're asking and pivot from the impact of the financial loss into the health loss. Right now without a national pharmacare program, without funding for vaccines like Shingrix and high-dose flu equally across the country on a preventative basis, we see huge downflow effects of the loss of that pension. It then means the breakdown of the family's financial structure, which means they don't have the social ability to get the resources they need, which means the health loss is profound. What we see is people dying as a result.

Mr. Peter Julian: Thank you very much.

Ms. Marrone and Ms. Laidley, you flagged the fact that we put people, particularly women, in impossible positions where they're forced to choose between staying in an abusive relationship or going into utter poverty or losing custody of the children. What an impossible nightmarish scenario that is, where they have to make these choices.

What would change if we actually put in place these protections to ensure that the child benefit was accessible to people regardless of their immigration status? Can you give us a couple of examples of what has happened as a result of the current policy? Are women and children being found on the street? Are they being forced to rely on money lenders? What are the impacts of that?

● (0950)

Ms. Jennefer Laidley (Research and Policy Analyst, Income Security Advocacy Centre): We would really encourage all of the members to have a look at our report. We have included not just facts, figures, and an exploration of the evidence, but a lot of stories of women who are experiencing this very difficulty. For example, as you say, and as my colleague has illustrated, there are mothers who have first had to stay in an abusive relationship. When that becomes untenable, they have had to leave that relationship and thus lose eligibility for the Canada child benefit. They and their children are then exposed to having difficulties with securing enough income to pay the bills, frankly.

We do see, as do the legal clinics across Ontario, situations where women lose their housing, where they're unable to pay for food and the regular necessities of life, and where children have to go without. For a lot of children, it's extremely difficult.

People talk about poverty in a couple of different ways. Poverty is both a relative thing and an absolute thing. You're in a situation, particularly as a child, when your parents can't afford to pay for the trip to Wonderland, for example, or when they can't afford to pay for a healthy lunch for you to bring to school. You're not only exposed to the health and social development difficulties that this brings with it, but also the difficulty of feeling like an outsider in your own community. There are a lot of impacts that we see for children and families in a variety of ways.

Mr. Peter Julian: Thank you very much.

I have a final question for Ms. Lenton.

You've been extraordinarily successful at York University to have undergraduates represent the diversity of Canada: 70% are Canadians of colour. We know that Canadians of colour in Canada have a much lower income than Canadians of European origin.

How has York University succeeded in bringing that diversity to bear in the university? What kinds of policies could we put in place nationally that would allow Canadians of diverse origins to succeed in the economy, which is largely not happening now?

Dr. Rhonda Lenton: I did mention in my remarks that although Canada brags, and rightly so, about having such a high proportion of our population who has some higher education, it is significant that we only rank seventh in terms of the percentage of our adult population who actually have a university degree. If you look at where jobs are going, just the impact of AI on the labour market alone, you see that having a higher education is incredibly important.

York has taken the access agenda very seriously and we are ensuring that our entire vision is one where we are providing access for, not leaving behind, any talented students to higher education. A great deal of that, frankly, is economic, through ensuring that we are providing the proper financial support for our students.

We have also made a whole range of pathway programs to try to ensure that we start to decrease the percentage of students who are actually dropping out of high school. Those pathway programs address everything from pathways for young boys to educational programs. We actually have a serious issue with boys dropping out, especially from various diverse groups. Educational programs include going out into the high schools, ways to come back into the higher educational sector, and pathways between colleges and universities. It's a very laddered approach. There are policies that are thoughtful about proper financial support for young people, but also that really encourage collaboration between colleges and universities, and also incentivize partnerships among the private sector, the not-for-profit sector and high schools.

I'll just tell you about one partnership with Shopify. They are not only paying for the tuition fees, but also giving placement opportunities so that the students will be working with the company. There are conditions around that partnership, of certain goals around the diversity of the students who are in that partnership. If we could multiply that kind of collaboration, which is what we're exactly trying to do.... We passed that model through the Senate, and we are bringing in people to talk about precisely that kind of model. That kind of incentivization can take place.

Increasingly, higher education is becoming more porous. We're partnering to provide that kind of education. Those kinds of initiatives can be hugely helpful with encouraging that so that a broad spectrum of diverse, different students are in fact accessing higher education.

● (0955)

The Chair: Thank you all.

Before I go to Mr. Sorbara, with regard to the question that Mr. Julian asked, really that relates to the CRA.

Ms. Laidley, what's the fix for that? I think in your submission you mention repealing paragraph 122.6(e) of the Income Tax Act. What I think you'll find, every one of the members around this table, in dealing with the CRA and people's problems with the CRA, is that, one, you can never get a live body to talk to and, two, you can never go into an office and talk to somebody. Before I was an MP, you used to be able to do that. I know I had to do that on the farm.

What's the fix that you'd propose, either you or Ms. Marrone?

Ms. Mary Marrone: I'll take that.

There are two fixes. One is with regard to the problems faced by people who are ineligible. The Income Tax Act should be amended to ensure that everybody who's a resident for the purposes of the Income Tax Act is also eligible for child benefits. That would assist the woman who is stuck in the relationship because she is going to put her immigration status and child benefits at risk.

Second, we are seeing more and more social benefits being delivered through the tax system. I think we need to move dispute resolution out of the CRA into a separate dispute resolution process that looks more like the Social Security Tribunal or something that is actually designed for low-income people to be able to resolve those disputes, whether it's a rapid appeal process that's easy to use, where you don't need lawyers involved, or staff that answer the phone, where you can narrow the issues—do you really need 15 documents or do you need one—and get people back onto their benefits so they don't lose their housing.

The Chair: I know that even for us in getting advice at the CRA, we'll talk to one person one day and get one opinion, and then we'll talk to a different person the next day and get a different opinion. We all have had that experience, I'm sure.

Mr. Sorbara, you have seven minutes.

Mr. Francesco Sorbara: Thank you, Mr. Chair.

Welcome, everyone.

I just have a general 30-second comment.

We live in a beautiful country, and we're blessed with a lot of natural resources. We're blessed with a lot of human capital as well.

On the natural resources front, yes, we are a producer of oil and gas, uranium, potash and a number of other things. Right now, we suffer from a discount of anywhere between $20 to $40 U.S., depending on the time of the year. This is called the Alberta discount and is a measure of WTI versus WCS. That really equates to anywhere, depending on where the discount is, between $15 billion to $25 billion that is lost for the Canadian economy. That $15 billion to $25 billion could be used for a lot of programs: funding hospitals, funding improvements to seniors programs, funding improvements to women's programs and under-represented youth groups.

As a person who grew up in northern British Columbia and who paid his way through university by working at a grain elevator and a pulp mill, I think that Canada's resources have served us pretty well. They've served me and my family pretty well. So, to listen to one of my colleagues from another party comment on how we should use our resources.... I just look back at all those good union jobs that are created from those resources all over British Columbia and Alberta, and I'll stand up for those folks and for the people who want to use our resources effectively.

I'll stop there and ask my questions.

This question is for the Business Council of Canada.

We don't want to be in a situation where the United States is fiscally with a deficit-to-GDP of 5%. We want to use what's called the shotgun approach and have targeted measures to ensure that we remain competitive, which I think we are. We don't want to have a race to the bottom. We don't want to have an LCD, a lowest common denominator.

Can you give your two top recommendations for this budget, Brian?

Please keep it to 20 seconds, unlike myself.

● (1000)

Mr. Brian Kingston: Number one is to introduce immediate expensing, and then number two is to launch a comprehensive review of the tax system.

With regard to your point on the fiscal situation, we by no means recommend doing what the U.S. has done. I've just come from New York, from meeting with U.S. business leaders. There's a real concern about the fiscal situation. We don't think we should go down that road. That's why we recommend a comprehensive review so that we can get rid of inefficient deductions, for example, the small business deduction, which is extremely expensive and not very effective.

Mr. Francesco Sorbara: Okay. Thank you.

First, to CARP, I had a seniors' forum last year, a town hall. Anthony Quinn, from CARP, came and blessed us with his presence.

I was there the day that the Prime Minister visited CARP headquarters, not very far from here, during the last election. We've fulfilled nearly all our commitments to seniors. We'll see. I think there's a seniors index that we're looking at.

From my prior background, I know the Indalex case, and you know what I'm speaking to, on defined benefit pension plans. Their jurisdiction falls between the province and the federal government. Therefore, when we are talking about super-priority status, the Supreme Court has ruled on this case. In fact, when a company gets into trouble, when you grant seniors super-priority creditor status in a defined benefit pension plan, no one is going to lend to the company, when you go into a debtor position in financing. Right?

To me, there has to be another way where we get to where we protect defined benefit pension plans—that is, not allow the company to underfund it in the beginning, so avoid the problem in the first place.

One thing I want to ask you about is the clawback rate on GIS. Can you focus on your recommendation 5? I think that would help a lot of seniors.

Ms. Laura Tamblyn Watts: I just want to offer that we agree it's better for companies not to get into the problem to begin with. We would certainly support having a lack of ability to underfund a pension plan to begin with.

Mr. Francesco Sorbara: You have 20 seconds.

Ms. Laura Tamblyn Watts: We're concerned about the clawback rate, really just up to the top 50%, to provide respite for the poorest seniors who are trying to alleviate poverty by earning small amounts of income.

Older adults are living longer, people are in the workforce longer, and they need to be in the workforce longer. Let's make sure that when we have our GIS, it's responsive to the needs of older adults, particularly middle-income and low-income older adults. Thus, we recommend reducing the clawback rate.

Mr. Francesco Sorbara: Thank you.

To Ryerson University and York University, I'll lump this in: I love that kids are going to get their education. My education, my one year of master's degree at the University of Toronto, 26 years ago, or so, cost me $4,000. The return on investment on that has been amazing for a small-town kid from northern British Columbia, the son of immigrant parents. Whether they're from Europe or not from Europe, I don't care. All I know is that this country has given me and my family everything.

However, I do want to talk about parity of esteem. I learned from the Germans that a person going to work as an automotive technician for Mercedes-Benz or BMW is as valued as the person going to get their Ph.D. As much as we like to get more Ph.D.s in our country educated, I also want to get those bricklayers, masons and drywall people to do those jobs, because there's a shortage of them. I think that's a big balance that we have.

My question is going to be, first, to York University. Is our government's commitment to fundamental research and investments in the university system across the country, with the U15, and so forth, going in the right direction?

Dr. Rhonda Lenton: Do you mean our investments into fundamental research?

Mr. Francesco Sorbara: Yes.

Dr. Rhonda Lenton: All the universities at this time are of the view that the investment in research needs to encompass and incorporate both fundamental and applied research. You wouldn't get any argument. I could point out that a huge number of incredibly important inventions in this country have started with fundamental research. Therefore, to some extent, differentiating between those two is a bit problematic.

I want to talk about one incredibly important thing regarding investing in research. That is the direct correlation between that investment in research not only contributing to global knowledge transfer for Canada, but also contributing to experiential education for the actual student learning experience.

Research activities and students having those abilities of research and having exposure in research labs to the very best research that is going on is a continuation of that hands-on learning, that experiential education opportunity, the precise type of skills that students need today to be successful. On average, they will have seven different jobs over their lifetime. They need those research skills, those broad-based, transferable skills. An investment in fundamental research is not only an investment in research and development, it's also an investment in learning.

Research infrastructure is one of the primary problems. If I were to list them, faculty complement, research infrastructure and technology are the three big challenges facing universities. Increasingly supporting and making sure that we don't stop that support for fundamental and applied research for universities is incredibly important.

● (1005)

The Chair: Do the folks from Ryerson have anything they want to add?

Dr. Steven Liss: I would certainly echo the comments that have been made, but I think it's important to really understand that there isn't a polarization with respect to a view of where basic and fundamental research lies. I think you would really understand applied research by looking to the recent Nobel Prize in physics, with an esteemed colleague at the University of Waterloo being recognized for her work. It's the work that extends back to our national strengths in physics, going back to the need to support a growing nuclear technology industry, which has laid a foundation of excellence in fundamental physics in Canada. I think there's a great relationship.

The other thing I would point out, though, is that the infrastructure and investments in research create not only the opportunity to support the training of talent at the undergraduate and graduate level, but they provide a great way to create interfaces and academic-facing relationships with our industry and the world. In that respect, I think the quality of those investments is really important to attract and retain industry to grow those companies, and grow Canadian companies, in creating that research capacity in those enterprises from the relationships built on the investments made at universities.

The Chair: We'll end it there.

We may have time—

Mr. Francesco Sorbara: Two words, Chair: Naylor report.

The Chair: Okay.

Ms. Alleslev.

Ms. Leona Alleslev: Thank you very much.

My question is for Mr. Kingston.

What we've learned so far about the new NAFTA/USMCA deal leads us to believe that there will be an increase on drug prices based on changes to patents. It's going to have a significant impact on supply management in our dairy industry. There's a cap on our ability to export auto that we haven't had before. There's no lifting, as you mentioned, of the tariffs; no ability to compete on U.S. government contracts; and perhaps most importantly, there's the attack on our sovereignty, where we actually don't have the sole ability to diversify our trade because we have an article that says we can't, as a sovereign nation, enter into a contract with trade without permission from the United States.

When Mr. Fragiskatos asked you the question if we wanted to go and have a free trade deal with China, we cannot, according to USMCA, have that without the permission of the United States. Yet in your opening remarks, you clearly outlined that this is a successful negotiation, that it is a really good outcome, if I'm quoting you correctly. I'd really like to understand what I'm missing. From the perspective of your members, how are you measuring the overwhelming success of this renewed agreement?

Mr. Brian Kingston: It's a great question. There's one key metric that we've used to measure the NAFTA negotiations, and that has to do with certainty and uncertainty. With these negotiations under way, companies were holding off making investments in new facilities or building existing capacity because there was a great deal of uncertainty regarding our ability to access the U.S. market tariff-free. That uncertainty has been eliminated by this negotiation. That was the number one priority for us and businesses in Canada, and so that's why we deem it a success.

Of course, there were some other areas where we would have loved to see a better outcome. Steel and aluminum is a good one, and frankly we've been on the record for years talking about the need to get rid of supply management, so why not go further? On things like government procurement, we've actually maintained the status quo. Yes, it would have been nice to get rid of Buy America, but it's not reasonable to assume that the Americans will ever get rid of Buy America. They haven't done it for anyone and they're not going to do it for Canada.

On autos, of course I'd like to see a situation where there are no 232 measures ever applied to Canada going into the future, but what we've secured is an insurance policy, should they ever go ahead with the 232 and introduce tariffs on autos. We sent 1.8 million units to the U.S. last year—this is light vehicles—and the insurance policy we've been given gives us up to 2.4 million vehicles in the future. This is a significant—

● (1010)

Ms. Leona Alleslev: So any deal was better than no deal.

Mr. Brian Kingston: No, not at all. I would absolutely not say that. If there were things in here that affected our access to the U.S. market, we would have said so. The fact is, free trade remains between Canada and the U.S., and that was the fundamental piece we had to secure.

Ms. Leona Alleslev: To your next point about competitiveness, we've lost $33 billion in the last year of capital investments leaving this country. I hope the certainty in this trade agreement will bring that back. However, you've given some very key thoughts on why we're challenged to do that, tax reform being one of them. You mentioned corporate and personal tax, and that fundamentally we need an overhaul of both, and to be able to look at those two together as one entity. Did I hear you correctly?

Mr. Brian Kingston: Absolutely.

So much attention has been focused on NAFTA, but the PwC study shows that in the event we didn't get an agreement and there was no longer free trade between the U.S. and Canada, the effect would have actually been 10 times smaller than the effect of not responding to U.S. tax reforms.

We think U.S. tax reform is actually the biggest competitiveness threat to Canada. That's why we've been making the point that, yes, NAFTA is important, but when you talk to businesses, tax is really important.

Ms. Leona Alleslev: Ms. Marrone, if I can go to you for a moment, you talk about what we need to have around tax reform. We need to have support for people filing taxes because it's so complicated. We need people to be able to file their taxes because, of course, that's a good thing, yet other countries have made taxes simpler and less complicated.

We haven't had tax reform since 1970. The nature of work and our society has changed. Would your first position be support for filing taxes, or perhaps just an overhaul to make the tax system simpler?

Ms. Mary Marrone: It depends. Simpler isn't always accessible or always better. Generally it is, but we've seen situations where it doesn't necessarily take you down the road you want to go.

Ms. Leona Alleslev: Would it be a good start?

Ms. Mary Marrone: There are two issues here.

There's the filing of taxes, which is complex and needs to be simplified and probably has many options. I understand in other countries the government does it for you and that's your default, so your filing happens automatically. That would be worth looking at.

The issue for us is that we are seeing more and more income benefit programs being delivered through the tax system. A system that is primarily for collection of revenue and determining tax liability is being used to deliver income benefits. They've been successful programs, so we wouldn't say not to use the tax system. That is actually much simpler than a lot of social assistance programs we see, so that's a good step. However, if you're going to go down that road, you need a dispute resolution process that people can actually use.

The Chair: Okay. Thank you all.

We're doing well on time. We will have time for one question from each party.

Now we'll go Mr. Fergus.

[*Translation*]

Mr. Greg Fergus: Thank you, Mr. Chair.

I have a number of questions for the witnesses, and the first one is for Mr. Kingston from the Business Council of Canada.

In your presentation and in your brief, you talked about the "patent box".

Can you briefly describe the model of a country you would like Canada to follow?

● (1015)

[*English*]

Mr. Brian Kingston: Sorry, my French is not good enough to talk tax. I'll have to respond in English.

One model we've looked at is the U.K. model. They've introduced the "patent box" regime and it seems to be having some effect. Essentially what you're doing is giving a favourable tax rate to companies that do R and D in your country. You can set it up in a way to make sure that it's actually being used for its intended purpose.

I'd start with the U.K. as a model to look at and then determine if that's appropriate here in Canada. Part of the reason we think this is important is because some of the U.S. tax reform changes actually make Canada's existing SR and ED credits, which encourage research and development, less effective. This is part of the U.S. strategy to draw more capital outside of Canada and other countries into the U.S.

We think our existing suite of R and D supporting programs have now been hurt by the U.S. reform, so a U.K.-style patent box could be a useful counter to that.

[*Translation*]

Mr. Greg Fergus: Thank you very much.

My second question is for Ms. Tamblyn Watts.

You mentioned an issue, which is a good issue to have. Canadians are living longer and longer. You mentioned the fact that the registered retirement income fund should be adjusted. The age limit for a contribution must no longer be 71.

Do you have any idea of the financial consequences of a change like that or do you think it would be the same?

Ms. Laura Tamblyn Watts: Thank you for your question.

[*English*]

My French is not always so good for tax either. With your indulgence, I'll respond in English.

We're looking at eliminating mandatory registered retirement income fund withdrawals. We would like to see them eliminated. We don't see any economic benefit to forcing older adults to withdraw their money, from a tax point of view.

Eliminating forced RRSP withdrawals, which punitively taxes the growing number of seniors working past 71 and also makes no sense.... We do not see anything but a disadvantage to older adults and to Canadians, generally.

[*Translation*]

Mr. Greg Fergus: Thank you very much.

My penultimate question is for the representatives from the Canadian Women's Foundation.

I must tell you that I really enjoyed your presentation today. Your points seem very important to me.

I want to give you time to explain why it's so important for teenagers to benefit from programs that teach them how important it is to have appropriate relationships and that consent is essential in our society.

Could you tell us what measures we should take to ensure that such programs are available to young people?

[*English*]

Ms. Karen Campbell: That's a very important question. The research that we've done tells us that the teen years are a critical time to teach violence prevention because patterns of abuse are often learned very early in life. Young people are highly focused on relationships. We need more open spaces for dialogue for young people to be able to have honest and open conversations about these things.

We've been working in this area for about 20 years. There are a number of organizations that are working on programs to offer this kind of education across Canada. We see it as really important to build that field of healthy relationships, as a primary part of our work in violence prevention.

I would add that another part of our programming focuses on adults who have experienced sexual exploitation at some point in their life. What they tell us is that, if they had had healthy relationships education and been able to recognize the signs in this relationship, whether it's with peers, parents, teachers, other adults or other young people, then maybe they would have been able to avoid those situations as well.

● (1020)

[*Translation*]

Mr. Greg Fergus: I don't want to interrupt the discussion, but very briefly—

[*English*]

The Chair: Are you watching your clock?

Go ahead.

[*Translation*]

Mr. Greg Fergus: I'm sorry. Unfortunately, this will be my last question.

What role does the federal government have to play? The provinces are often the ones investing in that type of program. Can you suggest how the federal government could contribute and invest resources?

[*English*]

Ms. Karen Campbell: There are healthy relationships programs that are offered in the schools, as part of curricula, but there are also many community organizations and women's organizations that need financial support to be able to run those programs. Our budget brief outlines a $4-million annual investment. As Mr. Julian said, that's not a lot in the grand scheme of things.

That number comes from the grant request that we received in our last national call for proposals. It indicates that there are organizations that need that kind of funding, just to be able to offer the programs. There's an important role for the federal government in doing that and supporting the convening of those groups, so that they can share information and understand better how to build out that sector.

The Chair: Thank you all.

As I said, we have time for one more question from each party. Turning to the Canadian Women's Foundation, my question to you would be this. What can we do better with what we have? I know you said that the $4 million is not a lot, but I'll tell you that, if you sit at this committee and with the number of witnesses we have had, the "not a lots" add up to a heck of a lot.

Your request here is really for $2,119,000,000 annually. What would you prioritize, so that it might be possible to get it done?

Ms. Ann Decter: We've talked about a range of things. Some of them are small and immediate, and some are big and long term. I think the government is on the right track moving gender-based analysis across the entire budget. If that is done thoroughly, some of the things that we have proposed will be irresistible. They will be in the path.

We've put in $2 billion for child care across the country, but you already have investments in child care. We say ramp those up to get to a universal system. Child care is really the biggest block in the pay gap—women's experience of the workforce is very different from men's—and it increases workforce attachment. The Quebec experience shows that it increases GDP and the participation of women in the workforce. Quebec, through its period of having low-cost child care and broad access to it, has gone from having the lowest workforce participation of women in the country to the highest. That is why they brought it in.

There are things like that. There are things that are immediate and easy. There are things that are conceptual—for example, moving sexual assault services into a comprehensive public health response. This is a long-term revisioning of what's going on based on everything we're hearing day to day and that's been coming out for the last four or five years. We are seeing the extent of this problem. It's woven into the country. It needs to be woven into the health system.

Some of the things we're suggesting are initial investments but also a long-term rethinking of what's going on. We know there's a huge issue around missing and murdered indigenous women and girls. The government has started on that path. A lot of what we're saying is to just keep going in the direction you're going. In terms of these small investments, something like $4 million spent on teen healthy relationships will pay you back many times over.

The Chair: Thank you.

We'll go to Mr. Kelly, Mr. Julian, and then Mr. Fergus.

Mr. Pat Kelly: Thank you.

Ms. Watts, you made many detailed recommendations in your submission. I want to talk about elder abuse and a particular form of elder abuse, that being fraud. You have a recommendation that's fairly specific about the amendment to PIPEDA. Can you share with the committee whether you have any experience from your members of the response from law enforcement on fraud cases?

I'm aware of a case that touched my own family. I'm aware of some real frustration around the ability, and perhaps even the willingness, in some cases, of police to lay charges when they can be laid. I know that fraud across the board in society is a huge problem. Fraud cases are difficult to prosecute. They are difficult to get a conviction on, but when fraud happens and nobody goes to jail, it emboldens fraud and erodes confidence in our institutions, from law enforcement to finance to trust between people in society.

Could you give us some details of your recommendations around elder abuse as it pertains to fraud?

● (1025)

Ms. Laura Tamblyn Watts: I'll focus on three particular points. The first is that when we're looking at elder abuse, and financial elder abuse in particular, fraud is one component. It is important to know that two-thirds of all elder abuse, including financial abuse, is perpetrated by family members and those closest to the older adult. Stranger financial abuse is really only one third.

The cybersecurity that Mr. Liss was mentioning is a huge piece of it as well. Older adults are overwhelmingly targeted by fraudsters, and increasingly so in mobile and phishing-type scams as well.

I have the privilege of teaching police across this country about elder abuse. I can tell you that the police are willing but are massively underfunded and under-supported to engage in fraud investigations. They particularly need elder abuse prevention officers or elder abuse response officers. We have seen excellent initiatives, including in New Westminster, where we have an elder abuse fraud squad that specifically matches social workers with police officers. We know that conviction rates go up and victimization goes down, so increasing these pilot programs across the country would be of enormous assistance.

There's a third piece I want to offer. Because so much of this has to do with financial institutions being interwoven, without OBSI being a single, unified, binding place where older adults, and all adults, can go to deal with fraud and financial abuse.... Older adults make up more than 30% of all banking cases that go to OBSI. They need a single, binding place to go. The system is so enormously challenged, and older adults don't have the financial ability to go through the court system.

The Chair: Mr. Julian.

Mr. Peter Julian: Thank you, Mr. Chair.

I'm going to ask one question. It's a double-header.

First, Ms. Decter and Ms. Campbell.

The Chair: As long as it doesn't include the pipeline, we're okay.

Voices: Oh, oh!

Mr. Peter Julian: That's another issue to debate. I will note that I'm the only person around the table who has actually worked in the oil industry, as a refinery worker at the Shellburn oil refinery. That said, I'll leave that issue aside.

You've talked about universal child care. We know that universal medicare is, in a sense, a subsidy of $3,000 per employee per year for Canadian business. It's a major element of Canada's competitive advantage.

When we talk about universal pharmacare and universal child care, are we really, in a sense, not only adding to the quality of life of Canadians but also contributing to a competitive advantage for Canadian businesses? That's the first part of my double-header.

The second part of my double-header goes to Mr. Kingston. I certainly support your idea of having a comprehensive tax review. A number of other witnesses have as well. However, shouldn't that tax review include overseas tax havens and the competitive advantage that comes from universal medicare, universal pharmacare and universal child care, as things that support Canadian businesses and give competitive advantage to Canadian businesses?

Those are the two parts of my one question.

Ms. Ann Decter: For details on competitive advantage around universal child care, check with Martha Friendly on the next panel. I've seen her coming in and out. She's a leading expert in Canada on child care.

Generally, on child care, if it's good for employees, which we know it is, then it's going to be good for businesses. There's a lot of workplace child care that occurs. It's a huge support for families and keeps them going to work every day.

● (1030)

The Chair: Mr. Fergus, this is your last question.

[*Translation*]

Mr. Greg Fergus: Thank you very much.

My last question is for Ms. Lenton.

I have three children, who are now adults. They have all had international or national experiences. They left the province of Quebec for experiences related to their education and training. What those experiences have brought them is extraordinary. I am pleased to see that one of your recommendations is along those lines.

For the benefit of my colleagues, can you tell us more about why it is so important for students in Canada to take advantage of that opportunity? Traditionally, in terms of international experiences, Canadians are at the back of the pack compared to our competitors elsewhere in the world.

[*English*]

Dr. Rhonda Lenton: I'm really glad to be asked that question, because it is quite shocking that we have only such a small percentage of our students taking advantage of an international opportunity. What we consistently find from all of our surveys of employers is that they place a priority on their future employees having had hands-on experiential education opportunities and international exposure.

As with many of our sectors, education is global. This goes to a question earlier by MP Julian about equalizing across diversity, about making sure that everybody is on an equal playing field, ensuring that all university students have had an opportunity and had that international experience so that they're able to understand and be successful anywhere around the world.

Students now are travelling and need to be employable anywhere around the world. Having access to other languages, having access to those experiences.... We've also even found a relationship between that international opportunity and mental health. Students who go to different countries, who have that international exposure, often come back with a certain degree of maturity that helps them perform when they come back.

Having students going and coming back internationalizes the entire community of universities, even for those students who don't go. Anything the government can do to increase our students' opportunities to have that international experience will not only help their employability, but also help our educational base and our competitiveness worldwide.

The Chair: With that, thank you to all of the witnesses for your presentations and for your responses to questions.

We will suspend until 10:45 for the second panel. The meeting is suspended.

● (1030)

(Pause)

● (1045)

The Chair: I always hate to interrupt when there are a lot of good conversations going on, but we'll reconvene with our second panel for our pre-budget consultations for the 2019 budget.

We're missing a couple of members. I guess they'll be here shortly. I'll introduce who's here. I like to tell you who we represent and where we come from.

I'm Wayne Easter, the member of Parliament for the riding of Malpeque, Prince Edward Island. I'm with the government party.

I'll start with you, Peter.

Mr. Peter Fragiskatos: Good morning, everyone. I'm Peter Fragiskatos from London, Ontario. I'm thrilled to be with you this morning and am very much looking forward to your presentations. Thank you.

The Chair: Francesco.

Mr. Francesco Sorbara: Thank you, Chair.

Good morning, everyone. Happy Friday.

I have the privilege of representing the riding of Vaughan—Woodbridge, which is directly attached to the lovely city of Toronto. It's kind of ubiquitous actually. You just kind of just walk from one city to the other. It's all good.

Welcome, and I look forward to hearing your briefs.

[*Translation*]

Mr. Greg Fergus: Good morning, my name is Greg Fergus. I am the member for Hull—Aylmer, a riding in Quebec, just across from Ottawa. I have been a member of the Standing Committee on Finance for over two years.

I am pleased to be here with you today.

[*English*]

The Chair: Thank you, Greg.

Pat.

Mr. Pat Kelly: I'm Pat Kelly. I'm the member of Parliament for Calgary Rocky Ridge. I'm a member of the opposition, the Conservative caucus.

Ms. Leona Alleslev: I'm Leona Alleslev. I'm the member for Aurora—Oak Ridges—Richmond Hill.

The Chair: Peter.

[*Translation*]

Mr. Peter Julian: Good morning. Welcome.

My name is Peter Julian. I am the NDP member for New Westminster—Burnaby and the vice-chair of the committee.

[*English*]

The Chair: Thank you all.

We'll start with Chris Summerville, co-chair of the Canadian Alliance on Mental Illness and Mental Health.

Welcome.

Dr. Chris Summerville (Co-Chair, Canadian Alliance on Mental Illness and Mental Health): Good morning, Mr. Chair and committee members. My name is Dr. Chris Summerville, and I am co-chair of the Canadian Alliance on Mental Illness and Mental Health, also known as CAMIMH.

Established in 1998, CAMIMH is the collective national voice for mental health as an alliance of 16 national mental health groups comprised of health care providers and organizations that represent people with mental illnesses, their families and their caregivers.

Continued economic growth in Canada will depend on having a productive workforce, so investments made in mental health will help ensure Canada's competitiveness in the future. The costs of mental illness to the economy and the workplace are significant when considering Canada's economic competitiveness. For example, 500,000 Canadians are unable to work due to a mental illness in a given week. The economic cost of mental health problems was measured in 2011 at $51 billion. Mental health issues account for more than $6 billion in losses due to absenteeism and presenteeism. Thus, while the cost of mental health and addiction problems on productivity in the workplace alone is about $20 billion annually, one third of this cost could be recovered if working Canadians had access to illness prevention as well as early identification and treatment.

Now, the stigma and discrimination associated with mental illness has decreased in recent years, but we still have a long way to go. As stigma is being reduced, we are seeing more people come forward for help. Unfortunately, mental health services and supports continue to be in short supply due to a lack of resources and a lack of capacity. Currently, those who cannot afford to pay for treatment end up on long wait-lists or do not get help at all.

CAMIMH believes the federal government has a role and responsibility to ensure that the people of Canada get better access to the mental health services they need to enjoy life satisfaction. In budget 2017 the federal government took a very important step in addressing the funding gaps between physical and mental health by targeting $5 billion over 10 years for mental health. CAMIMH is highly supportive of this commitment, yet we believe that long-term, sustainable and predictable funding is required to realize parity between physical and mental illness in Canada.

As the Mental Health Commission of Canada has discovered, mental health funding should be increased from 7% to 9% of total public health spending. CAMIMH agrees that 9% is the minimum level of public investment required to improve health outcomes and access to a range of public mental health programs and services. Some countries, in fact, spend 12% on mental health.

CAMIMH believes the federal government, in its national leadership role, should contribute a minimum of one out of every four health care dollars to the provinces and territories specifically to mental health. With the federal share increased to 25%, the annual federal investment to support increased access to mental health services would be an additional $777.5 million. CAMIMH strongly recommends that increased transfers be earmarked through a mental health transfer or a dedicated envelope to maximize accountability, transparency and impact.

Arguably, when it comes to accessing mental health services across Canada, the Canada Health Act is not being upheld. The capacity to deliver timely access is hampered by fragmented and poorly coordinated services and supports. Thus, the mental health system is in urgent need of improved integration. People with lived experience and their families and caregivers must be involved in the design and evaluation of an improved and recovery-focused mental health system.

An expanded use of collaborative care team-based practice has the potential to substantially increase the capacity of the system to see more patients across their lifespans and to deliver care where and when needed. This model, sometimes known as the "collaborative shared care model", includes the service of not only physicians but also other mental health care providers, such as psychologists, social workers, peer support workers, psychiatric mental health nurses, counsellors and psychotherapists. Together, they work as a team to offer complementary services and supports to ensure that individuals receive the evidence-based care they need with a minimum of obstacles.

● (1050)

Accordingly, we believe the federal government should engage the provinces and territories in thinking through the system change that will deliver effective mental health care to more Canadians. Work has been done to consider how the successful innovations from countries like the United Kingdom and Australia could be adapted to Canada. These models have taken a more systemic approach to redressing needed mental health service gaps with promising results. Therefore, CAMIMH makes the following three recommendations.

One, the federal government should embrace the principle of mental health parity by assessing the equity of funding and delivery of mental health services against mental illness in areas of fiduciary and primary responsibility, including service delivery to indigenous peoples, veterans and Canadian Forces, federal inmates, Royal Canadian Mounted Police and public servants. The federal government should introduce what is known in many other countries as a "mental health parity act". A mental health parity act affirms that mental health is valued and esteemed equally with physical health. Such an act guarantees parity for mental health and substance use disorder benefits by specifying that coverage must be provided at the same level as mental health coverage. A mental health parity act would help ensure that communities and workplaces through their policies, programs and benefits attend equally to mental and physical health.

Two, in light of the 2017 investments in mental health, the federal government funding for mental health should increase from 7.2% of total public health spending to at least a minimum of 9%. That would be 25% for the federal government's share. As I mentioned, that would mean additional support of $777.5 million annually to provinces and territories to improve access to a range of mental health programs and services. CAMIMH strongly recommends that the funds be earmarked through a mental health transfer or through a dedicated envelope to maximize accountability, transparency and impact.

Finally, the federal government should engage the provinces and territories in thinking through the system change that will deliver effective mental health care to more Canadians by enhancing the capacity of mental health resources on primary care teams, or collaborative shared teams, and augmenting fee-for-service models through private and extended health care insurance. Thus, incentives should be created for employers to provide increased private and extended health care insurance.

Thank you.

● (1055)

The Chair: Thank you, Chris.

We'll turn now to the Childcare Resource and Research Unit.

Martha Friendly, welcome.

Ms. Martha Friendly (Executive Director, Childcare Resource and Research Unit (CRRU)): Thank you, members of the committee and Mr. Chairman.

I'm Martha Friendly, executive director of the Childcare Resource and Research Unit, which is a small policy research institute.

Actually, the August pre-budget brief of my group shows in detail how universal child care is essential to Canada's competitiveness, and why gender equality isn't possible without accessible quality child care for all. Further, not only is child care fundamental for women's economic security but Canada overall would derive substantial benefits by strengthening it. These arguments have been around for many years since the Royal Commission on the Status of Women argued the same back in 1970, but today we have abundant evidence to back these arguments up. In the written handout I've given you, I've described four recent studies making these points, but in the interest of time I won't read them. I'll be happy to answer some questions about them if you have them.

I want to start by saying that it's most welcome that the current government has re-engaged in child care. I commend the federal, provincial and territorial governments for crafting last year's multilateral agreement on early learning and child care for the federal budget commitment and the three-year action plans across Canada. I especially want to recognize the recently completed indigenous-led early learning and child care framework that's intended to address the needs and aspirations of indigenous communities. These were welcome and significant first steps in a multi-year process for building a high-quality, affordable, early learning and child care system to meet multiple goals: women's equality and economic security, children's well-being and development, and other social goals such as poverty reduction and social inclusion.

But I want to focus on the next phase of taking child care forward to become, as the 2016 federal budget called it, more than a convenience but a necessity. Looking to the end of the first three-year agreements under the multilateral framework, I want to note that these are a starting place. They set out the shared principles of accessibility, affordability, quality and inclusion, but they're not yet accompanied by sufficient federal funds or by the evidence-based implementation plans that are needed to deliver on their potential.

Thus I'm going to put forward three recommendations needed to move early learning and child care to success in the next phase. This process, by the way, should begin this coming year.

First of all, the current annual commitments do not ramp up adequately to account for the need for substantial service expansion. A gradual year-by-year increase in transfer payments to provinces, territories and indigenous communities is absolutely needed to support the service expansion that's needed to achieve any kind of reasonable accessibility. We recommend an allocation of $1 billion in 2019 with and additional $1 billion in each following year until accessibility targets are reached. Annual spending on a mature child care program reaches the international minimum benchmark of 1% of GDP about a year from now.

Second, to ensure that the substantial public funds are used effectively, we are calling for plans to operationalize the multilateral frameworks that are based on the best available evidence, and for these to be developed collaboratively by governments at all levels, with the full use of the expertise of the child care sector and the community of researchers.

Third, to support development of provincial-territorial child care systems across Canada, we envision a solid system-building strategy, again developed collaboratively and based on best evidence. At a minimum this should include first of all a child care workforce strategy, and, second, the creation of the much-needed infrastructure to support development of child care services and policy development. I would suggest that the federal government develop an early learning and child care secretariat to organize the collaboration on policy development, research and data, best practices, and innovation that are very much needed. The system-building also needs to reinstate the federal funding to rebuild the child care community's capacity, including the child care organizations that have long provided much of the infrastructure for child care across Canada.

Fourth, all of us most welcome that funds for a fourth system-building element, an early learning and child care data strategy, have already been committed in the 2017 federal budget.

● (1100)

In conclusion, I just want to emphasize that when we make progress towards gender equality, everyone benefits. But progress towards gender equality and its benefits for everyone are going to continue to be impeded if we don't develop the universally accessible child care system that has so long been elusive for most Canadians.

Thank you.

The Chair: Thank you very much, Martha.

I will just point out, because I didn't do it at the beginning, that members do have these submissions that were presented by mid-August. They are on their iPads, or whatever it might be—

Ms. Martha Friendly: Yes, I checked that. Thank you.

The Chair: —so they'll be referring to them from time to time.

From Colleges Ontario, we have Mr. Agnew from Seneca College.

Mr. David Agnew (President, Seneca College, Colleges Ontario): Thank you very much, Mr. Chair and honourable members.

My name is David Agnew. I'm president of Seneca, which is one of Canada's largest colleges. We have campuses here in Toronto and in York region, just north of Toronto, and in Peterborough. But today I'm here on behalf of Colleges Ontario, the association that's the voice of 24 publicly assisted colleges across the province.

I'm a past chair of Colleges Ontario, but I'm currently on the board of both Colleges and Institutes Canada and Polytechics Canada, both of which have submitted briefs to you in these pre-budget hearings. You have the brief, as the chair said, from Colleges Ontario, and I hope you noticed the consistency across the recommendations from all three associations representing colleges, polytechnics, institutes and CEGEPs across the country.

We are the institutions of higher education that have always been hard-wired to the needs of industry employers in our communities. In this rapidly changing economic environment, our role is more crucial than ever as we prepare our students for the jobs of today and tomorrow. We do so by staying really close to the community of employers, engaging experts and leaders from across literally all economic sectors, both public and private.

Our partners provide work-integrated learning opportunities for our students. They act as curriculum and program advisers; they give us access to leading-edge equipment and software; and, very importantly, they hire our graduates. So, yes, we're educating a new generation of high school graduates, a large number of students who need to augment their general university education, with a professional career-focused credential from a college or a polytechnic. But, increasingly, we're also the way that mid-career employees, either voluntarily or involuntarily, need to modernize or refocus their skills. Of course, colleges and polytechnics are now the destination of literally tens of thousands of international students, many of whom want to stay with their Canadian-earned credential to help contribute to this country's future.

For the purpose of this presentation, since you have the brief, I want to focus on just two of the recommendations in the Colleges Ontario submission.

For our applied research recommendation, I want to illustrate it with an example from Seneca's work. Two years ago we were approached by a small firm based in Richmond Hill in York region. It's called Medical Confidence. It's a kind of navigation service for patients who need to eventually be matched with a specialist for their condition or disease. Working with a team of students and faculty from Seneca, they've developed a machine-learning algorithm that vastly improved their workflow by automating it from a very manual process to an automated process. As a result, Medical Confidence had a big insurance client on a pilot and they signed a multi-year contract. They've expanded. Their revenues have just about doubled and they're hiring about 10 new employees.

When we speak of the impact of applied research, there are hundreds of these kinds of success stories across the country. For a remarkably small investment, the federal government can unleash even more of the ingenuity, energy and talent of our students and faculty. Just looking at Ontario, we see about 1,600 firms, most of them small and medium-sized enterprises, become more innovative with the help of colleges. Of course, many of them are in the key sectors of manufacturing, like Medical Confidence, in digital or environmental products and services. With support from the government, we can do even more. That's why we're asking the government to invest $40 million a year—that's "million", not "billion"—in new funding for applied research at colleges.

The second recommendation I'd like to focus on is the request to have a second round of the post-secondary strategic investment fund, or SIF. Seneca is one of the grateful recipients of a SIF investment. In fact, Mr. Fergus was at the ground-breaking for the new centre for innovation, technology and entrepreneurship, as the parliamentary secretary to the minister of infrastructure. We have matched it on a two-to-one basis—our two, your one—to build that centre. It's an extraordinary building that will live up to its name. As the expanded home of our campus incubator, our engineering and mechatronics hub, and our new data analytics research centre, it will be opening in December.

Like many of our colleague institutions, thanks to SIF we are creating terrific, purpose-built spaces for students to learn and innovate, for faculty to teach and mentor, and for industry partners to engage and grow. The first round of SIF also helped us reduce carbon emissions with energy-efficiency measures, and colleges continue to play a leading role in Canada's action plan on climate change. This includes everything from developing new programs that prepare students for the low-carbon economy to capital improvements on our campuses that move us towards net-zero emissions.

● (1105)

We want to build on this success and with your help we will.

I would be more than pleased to speak more fully about these recommendations or the others contained in our brief and answer any questions you may have.

Thank you.

The Chair: Thank you very much, David.

Turning to Deloitte Canada, Mr. Alexander and Mr. Smith, welcome.

I believe you are starting, Mr. Smith.

Mr. Michael Smith (National Mergers and Acquisitions Leader, Tax, Deloitte Canada): Good morning. Thank you for having me and my colleague, Craig Alexander, here today. For background, Craig is Deloitte Canada's chief economist and I'm a tax partner who practises in the area of M and A in Calgary. I also lead our national tax office within Deloitte.

Since 2011 we at Deloitte have been communicating our views on issues that matter through our Canada 175 program, a multi-year research initiative designed to spark vital discussion amongst Canada's businesses, governments and citizens about Canada's future.

We are convinced that Canada will remain the best place in the world to live and work in 2042 when we reach our next major milestone marking the 175th anniversary of Canada's Confederation.

Canadian businesses will play a critical role in achieving that vision, harnessing innovation, creating new opportunities and proudly expressing Canadian values, but they won't do it alone. Governments must act as a critical partner in creating conditions for productive and thriving businesses to emerge.

In Deloitte's submission to this committee we will outline four broad areas that we believe government should focus its efforts and investment on in the next federal budget. Today I want to focus in greater detail on an element in those areas, namely tax policy.

Canadian tax policy can play an important role in helping Canada to be more productive and globally competitive by creating a tax ecosystem capable of fostering innovation and investment, while at the same time looking at ways to allocate the tax burden across elements of the economy in a fair and equitable manner.

Importantly, tax policy is also an area in which other countries are competing with Canada to attract investment dollars as well as attract top talent. We see OECD countries across the board moving forward on tax competitiveness in three key areas. First is reducing corporate tax rates; second is reducing personal tax rates; and third is providing incentives for innovation. My remarks today will focus on these areas.

First, as a relatively small open economy, Canada must make itself a competitive choice for capital investment. Businesses are increasingly mobile and investors face a choice when deciding where to invest. Corporate income tax rates are a strategic consideration when foreign investors are looking at investment.

In recent years Canada enjoyed a significant corporate tax rate advantage relative to our largest trading partner, the United States, but as a result of U.S. tax reform, our competitive tax advantage is now gone. In fact, we're now at a slight disadvantage.

While restoring the quantum of our old advantage is too costly to consider, we would recommend some rate reduction in coordination with the provinces to restore some competitive advantage.

Second, in order to scale and to thrive, Canadian companies need access to the best global talent to meet our labour needs, particularly in emerging and high-growth industries. We believe that Canada's personal income tax rates should be competitive with those of our international trading partners.

At 53.5% our top rate is now significantly higher than most of our global trading partners', and the threshold for reaching that top rate is much lower than those in many of those countries. A significant difference in personal tax rates may discourage immigration to Canada and make it much more challenging for Canadian businesses to recruit top talent, as well as retain top domestic talent.

In this vein we recommend coordinating with the provinces to reduce the top rate to 50% and/or consider increasing the threshold at which the top rate is reached.

Third, we feel there's opportunity to improve our competitive advantage regarding innovation. Global competition to attract R and D spending has increased significantly in recent years. Not only are countries adopting or expanding R and D incentives for such activities, but they are also now providing new tax incentives to encourage commercialization of that R and D. One example of this is the patent box. It's a mechanism that allows corporate income tax related to the sale of patented products to be taxed at significantly lower rates than those applied to regular business income. This preferential treatment of intellectual property provides firms with stronger incentives to innovate and commercialize in jurisdictions that provide those incentives.

Canada's poor performance in R and D spending, despite our strong publication credentials, suggests that our leading-edge academic discoveries are not reaching the point of commercialization. To encourage companies to commercialize and retain patents in Canada, we recommend that the government study whether the patent box regime should be implemented in Canada at the federal level.

Deloitte is committed to playing a key role in shaping Canada's future. We look forward to your questions.

● (1110)

The Chair: Thank you very much, Michael.

We'll turn to Indspire with Roberta Jamieson.

Welcome, Roberta.

Chief Roberta Jamieson (President and Chief Executive Officer, Indspire): Good morning. *She:kon. Boozhoo.* I am starting this morning with greetings and an appropriate acknowledgement that we are meeting on the traditional territories of the Ojibway, the Anishinaabe, the Mississaugas of the New Credit, and my own people, the Haudenosaunee.

Greetings to the chair and members of committee, and thank you for the invitation to be with you. You're focused on economic growth and ensuring Canada's competitiveness.

I'm Roberta Jamieson, the CEO of Indspire, which is very proud to be the national indigenous charity focused on advancing the education of first nation, Inuit and Métis students so they can achieve their highest potential. Our challenge is to raise funds from a variety of sources—corporations, foundations, individual Canadians and governments—to support scholarships and bursaries so that indigenous students across Canada can access and succeed in post-secondary education and training.

As the Truth and Reconciliation Commission reminds us, however, our students start with the legacy of the residential school system. We know that fewer than four in 10 first nation students on reserve graduate from high school, compared with 90% of non-indigenous Canadians. Indspire addresses this disparity by working with educators and students to provide them with the tools and supports they need to stay in school and graduate.

Canada's labour force is absolutely a critical contributor to our future competitiveness. Indigenous people are the fastest-growing demographic cohort and are younger than the Canadian average, making our young people a potential key piece of Canada's economic engine. A competitive Canada is one that includes the full, equitable and sustainable participation of indigenous peoples in all aspects of Canada's economy, but as the evidence shows, without much-needed funding support, our young people will not get the education other Canadians take for granted. We will not be prepared for the jobs of the future, and rather than contributing the talent, energy and enterprise of our people to the labour force, which the experts say would be worth $36.4 billion to Canada's economy over the next 15 years, the social and economic exclusion that has for far too long been the experience of our indigenous people will continue.

We can change that. By investing in our youth now, we are able to build the capacity required to accelerate support for first nations—for example, to have control over their own services and affairs, particularly as the nation-to-nation-relationship takes place. Now is the time to invest. I believe we are at an economic crossroads, and this government can make a fundamental difference. Budget 2019 is the opportunity to advance indigenous student outcomes, which in turn will strengthen our economy and competitiveness. Investing in education is an investment in our children and our future prosperity. No matter whether you're talking about resource development, housing changes or environmental issues, it starts with education in our communities.

Since 2004 Indspire has touched the lives of some 84,000 indigenous students through our many initiatives. We have invested nearly $100 million in the post-secondary education of more than 32,000 students, and have exposed many more thousands of indigenous youth to career opportunities and employers through our events. To date, however, what we raise is nowhere near enough to meet the needs of students. We currently meet only 20% of the needs. We can and must do more.

● (1115)

Here is our ask and the rationale. First, we request an investment of $1.5 million over five years to strengthen our capacity for analysis and research of the very rich data we have on indigenous post-secondary students, the only repository of this data in the country. That investment and the research that comes from it will inform policy and decision-making on indigenous post-secondary education and training, and will be invaluable to governments and business and indigenous leaders.

Second, we are requesting an additional $225 million over five years. This will add to our ability, as these funds are specifically for bursaries and scholarships, to support students access to post-secondary education and training. Our students, it should be remembered, have unique challenges that frequently place them in more difficult circumstances than other Canadians. Often marginalized in the first instance, when they attend post-secondary and travel many hundreds of kilometres, they leave their familial community, their language, their food, their traditions, their cultural norms and all supports. Too often they enter a world bereft of the cultural and social capital to which they can associate.

I want to share with you a quote from one of our students, who talks about the difference that the support from Indspire is making in their lives:

> I felt unsupported and very alone as I was 1,500 km away from my family. I had applied for this scholarship not thinking that anything would come of it.... I can't begin to convey what a saviour it was, not only did it help relieve financial stress but it gave me some hope... I had been chosen by [Indspire].... At a very challenging time in my life, this award gave me more than dollars in my bank account, it gave me pride in myself.

We hear this all too often.

Budget 2017 committed $25 million over five years to Indspire if we could go out and raise $15 million. That was a very good beginning. Trust me, I am working very hard and meeting the challenge, but far more is required, and it's needed now. For example, last year we helped 649 students in STEM and 452 in business. I could go on. But we have far more to do. The need is now and the need is urgent. We project that more than 130,000 indigenous individuals aged 17 to 51 will be eligible to attend post-secondary education by 2023.

Indspire's delivery model works. Of the students we support, 90% graduate, but we need more gas in the tank. Post-secondary education and training opens a pathway to a brighter future for indigenous students and their communities and improves Canada's long-term competitiveness.

We also, may I say, support the budget 2019 recommendations of indigenous organizations and Universities Canada. We believe that by investing across the system, the government will show leadership and incent other sectors to contribute to improving education outcomes and creating opportunities for indigenous people.

● (1120)

In closing, I'll repeat what we all know. Education opens doors and changes lives, and education is the best means to create a more competitive, productive and prosperous Canada. Moreover, as Senator Murray Sinclair would remind us, it is a key to reconciliation. Indspire stands ready to work hard to support this endeavour. *Nia:wen kowa*. Thank you for listening to my words this morning.

The Chair: Thank you, Roberta.

With the Portfolio Management Association of Canada, we have Ms. Walmsley and Mr. Heldman.

Ms. Katie Walmsley (President, Portfolio Management Association of Canada): Thank you, Mr. Chair.

[*Translation*]

Good morning.

[*English*]

PMAC is very pleased to offer our recommendations today on behalf of our 270 investment firm members, who collectively manage over $1.8 trillion in assets for pension plans, foundations, endowments, and individual and group RRSPs across Canada.

We want to talk to you today about investment pooled funds, why they matter to so many Canadians, and concerns we have with the tax rules that are impacting their competitiveness and eroding retirement savings.

According to a 2017 Strategic Insight report, Canadians have over $65 billion invested in pooled funds. The majority of these are available through employer sponsored defined contribution pension plans. Pooled funds are very similar to mutual funds, but are less known because they are offered via prospectus exemptions under the securities law to advisers and various retirement and other savings vehicles.

Pooled funds offer Canadians access to diverse asset classes on a very cost-effective basis because they can realize economies of scale through pooling investments and sharing costs. Lower costs mean higher investment returns for Canadians.

Our recommendations today will achieve three important objectives. First, they will correct certain tax policy inequities impacting pooled funds relative to the tax treatment of mutual funds and insurance investment products. This will ensure they remain attractive and low-cost for small businesses that offer retirement savings options for their employees, and ultimately will result in less erosion of retirement nest eggs for average Canadians. Second, they will modernize specific tax rules which will allow Canadians and their investment managers to invest their retirement savings in international emerging markets. Third, they will increase the competitiveness of the asset management industry to attract investment capital from international pension plans and investors.

Canadian tax policy is out of line with international tax rules. It's eroding the talent pool in Canada and the investment profits offered in the industry. Changes desperately need to be made to a number of complex, out-of-date tax rules that have not kept pace with their international counterparts nor with the evolution occurring in the funds industry.

Now I'd like to pass it over to Theo Heldman, who chairs our tax committee and is head of tax at Invesco Canada, to discuss the details.

● (1125)

Mr. Theo Heldman (Chair, Tax Committee, Portfolio Management Association of Canada): Thank you, Katie and good morning.

To have comparable tax efficiency benefits afforded to retail funds, pooled funds need to meet the 150-unitholder test. This test is easier for retail funds to meet because of the distribution channel that's afforded to them. I can walk into any bank, for instance, and buy a retail mutual fund.

Pooled funds, however, are not retail products. They have very different distribution channels and they're challenged to meet the 150-unitholder test. Currently, under the act, these pooled funds or pension investments are treated as a single investor, masking the hundreds and thousands of investors that are in these pension funds and deferred savings plans.

The following are a couple of examples of some of the tax inefficiencies. Unlike retail mutual funds, pooled funds that are registered investments are restricted from investing in numerous international markets. This could result in missing opportunities to invest in markets with higher investment returns; in some cases it also means higher transaction costs.

Should an investment manager of a pooled fund inadvertently purchase a security in an international exchange that's not permitted under the act, the pooled fund and ultimately its underlying investors are subject to significant tax penalties, potentially in the millions of dollars.

Since they haven't achieved mutual fund trust status, pooled fund distributions to foreign investment plans are also subject to higher withholding taxes. Certain pooled funds avoid this consequence by prohibiting non-residents from investing in the fund, but this reduces the competitiveness of Canadian investment funds and their attractiveness to foreign investment plans.

Ultimately, more investors in a pooled fund leads to greater economies of scale, lower costs for investors and ultimately a higher savings return.

Finally, under the act, mutual funds and some insurance investment products can merge on a tax-deferred basis. Investment funds generally merge when they want to increase the economies of scale of smaller funds, for instance, or they want to streamline their product shelf, or perhaps by design when they're dealing with a target date mutual fund that is scheduled to reach the end of its life.

These tax-deferred mergers are not permitted to pooled funds, and thus give rise to tax on savings were a merger to be undertaken.

PMAC's recommendations in this regard are twofold. First, the government should enable a look-through to beneficiaries who have invested in pooled funds via deferred plans and other commercial investment funds in order to count toward satisfying the 150-unitholder test. This would also enable them to be considered as mutual fund trusts, thereby eliminating some of the tax inefficiencies outlined previously.

Second, the act should be modernized by adopting a more principles-based alternative to the designated stock exchange list. Unless the list is eliminated, PMAC proposes that it include countries with which Canada has a tax treaty or a tax information exchange agreement, thereby broadening the range of countries accessible to investment managers from about 30 to over 100. This can lead to better investment returns and lower execution costs, thus benefiting Canadian retirement savings.

Ms. Katie Walmsley: In summary, we believe that it's in the government's best interest to enact measures that strengthen, not weaken, the competitiveness and fair tax treatment of pooled funds, to ensure the adequacy of Canadians' retirement savings.

Thank you. We look forward to your questions.

The Chair: Thank you both.

We'll now turn to our last witnesses, Ms. Roy and Ms. Sultana from YWCA Canada,

● (1130)

Ms. Maya Roy (Chief Executive Officer, YWCA Canada): Good morning. Thank you.

My name is Maya Roy. I am the CEO of YWCA Canada. My colleague Anjum Sultana is our manager of policy. We are very pleased to be invited today to speak to this committee.

I had the privilege yesterday of being in Kamloops, B.C., a community that is still struggling with recovering from the impact of the wildfires. At YWCA Canada we have 32 member associations across Canada in nine provinces and two territories, including Kamloops, and we invest $2.1 million a year in 300 neighbourhoods across the country.

Yesterday morning I had the pleasure of speaking with one of our shelter staff, who talked to me about how she works with our women leaving abusive relationships and helps them to do their budgeting. In the midst of the housing affordability crisis in Canada when their benefits are not enough to cover their rent, she speaks to them about how to use money from their food allowance allocated toward baby formula and to put it toward rent. She talks to women about how to cut their cellphone bills, and about how they should go to the food bank first and then plan their groceries around what's in the food bank that particular week.

It really made me wonder about the amount of time and energy my colleagues are spending talking to women who are leaving abusive relationships and having to survive day by day, step by step through grinding poverty. What would it look like if we were able to work with our women to reach their true potential and be able to access the labour market and to live the lives they are meant to be living?

We know, and the evidence is quite clear in the research, that when we invest in gender equity, we also invest in economic growth. There's a very solid study by the McKinsey Global Institute that looks at gender parity in Canada. It points to how increasing labour market access for women could potentially unlock $150 billion in our GDP by 2026. Whereas men have labour market access rates of 91% in Canada, for women those rates are 87%. Imagine what that $150 billion would look like.

In our budget brief we make some recommendations on how we can support women to access the labour market. First of all is child care, child care, child care, and, as my colleague Ms. Friendly said, meeting that 1% of GDP benchmark set by the OECD. Having access to affordable child care is one of the best ways to impact economic growth and to increase labour market access rates for women.

We also know that women face unique challenges to participating in the labour market. With the rise of precarious work and the gig economy we live in today, we know there is overrepresentation of women in non-standard employment, such as contract, seasonal and part-time work. We also know that throughout their life women are more likely to leave the labour market at higher rates because they are being asked to perform unpaid care work such as elder care or child care.

As a result of their varying labour market participation, many women don't meet the current eligibility criteria to benefit from employment insurance. To address these barriers and concerns, we recommend that the Government of Canada implement the recommendations in the report of the Standing Committee on the Status of Women, "Women's economic security: securing the future of Canada's economy". That's really about lowering the entry requirements to a national standard of 360 hours for a basic EI claim. It's a simple number, but by looking at 360 hours, we would start to increase access for EI and bridge that gap for women to do retraining, to take the time they need if they need to leave an abusive relationship or intimate partner violence, and to re-enter the labour market. We could also look at increasing the rate of EI to 60% of the best 12 weeks, up from the current 55% of insurable earnings.

We also know that reducing the gender wage gap is a very clear way to increase economic productivity. We need pay equity with teeth. Therefore, YWCA Canada urges the government to implement the recommendations of the 2016 report of the Special Committee on Pay Equity. By passing proactive pay equity legislation, followed by financial investments and enforcement in the monitoring of its implementation, we can start to invest in gender equity.

● (1135)

We also know that if women are not safe, if it's not safe for them to go to work, then economic productivity suffers. The 32 local member associations of YWCA Canada ask the Government of Canada to support and provide increased funding of $50 million, as well as grant a two-year extension, to the National Inquiry into Missing and Murdered Indigenous Women. We know with indigenous women, given the legacy of violence and ongoing genocide they're experiencing, that if we do not address the systemic causes of violence impacting our community members and we do not given them an opportunity to be safe in this country, then we're simply not going to get the kinds of economic benefits you're looking for as a committee.

In conclusion, we know that when we invest in gender equity, we're ensuring Canada's competitiveness on the world stage. Not only will it improve equitable outcomes for women and girls of all backgrounds across the country, but it will also position our entire nation for economic and social progress for generations to come.

Thank you very much for this opportunity, and we'd be happy to answer any questions.

The Chair: Thank you very much, Maya.

We are going to be a little tighter on time this time, so we'll go with seven-minute questions for the first four members, and five-minute questions for the next two.

Seven minutes, Greg.

[*Translation*]

Mr. Greg Fergus: Thank you very much, Mr. Chair.

My thanks to all the witnesses who have appeared today. Your presentations were very relevant.

I would like to acknowledge YWCA Canada's fine work and recommendations. Ms. Roy, thank you very much for your presentation, it was very interesting.

I also acknowledge Martha Friendly's long career. I met her in the early 1990s. While I was working with Pierre Pettigrew, we discussed a number of files she was sponsoring at the time.

Ms. Friendly, thank you once again for your important work.

I'll start with you, Mr. Agnew. Two days ago, when we were in Quebec City, the Association pour la recherche au collégial made a presentation and submitted recommendations very similar to yours. However, they did raise an issue that you did not mention in your presentation and I would like to hear what you have to say about that. I'm talking about the indirect costs of college research.

Your sector is faced with a great challenge. It receives grants to do research. I agree that the $40 million would be an excellent contribution. However, given the amounts already allocated to Seneca College, which is a large college, how will you deal with the lack of funding to cover the indirect costs of research?

[*English*]

Mr. David Agnew: The shape of our recommendations across the board for an increase in research funding has really been directed towards the support costs of research, which is another way of talking about indirect costs.

You were at the groundbreaking for our new centre for innovation, technology and entrepreneurship. It's wonderful to build these beautiful new buildings and put people in them, but then we have to run them, and they are expensive to run. We've had a challenge with the funding councils at the federal level, recognizing that we, too, have indirect costs to support our research.

One of the important things about applied research at the college level is that every one of those projects includes students. In fact, a lot of the time it's actually embedded at the program level, so there are academic outcomes to the applied research projects that we're doing. It really is important. And we employ teachers; we don't employ researchers. It's very important for us to maintain that balance in the faculty, where they're still teaching and are also leading applied research projects with students. Many of them are actually still working in the industries they're teaching for, which is important to do. All of that, of course, requires resources, and those are very limited.

That's partly why. To be honest with you, $40 million is a drop in the bucket when it comes to the federal research spend, but we're also trying to be reasonable in these times of restraint and allocation challenges. There are a lot of great things to support around the table, and it would be a small contribution to offset some of those costs we are eating right now.

● (1140)

[*Translation*]

Mr. Greg Fergus: I agree. Thank you very much.

Ms. Jamieson, I have a few questions for you. I will begin by congratulating the previous government for investing in Indspire, because I know it is an organization that does a lot for indigenous youth.

I am interested in your request for $45 million a year for five years, or $225 million over five years. I was really touched when you said that education opens doors and changes minds. I fully agree with you. You have already accomplished a lot with the money at your disposal. In particular, you took the government money and doubled it to enable young people to pursue their post-secondary education. In keeping with that, can you tell us what you plan to do with the $45 million a year for indigenous students?

Chief Roberta Jamieson: Thank you.

[*English*]

With the $225 million in additional funds that we're requesting over five years, we project that we will be able to support 14,000 students annually. At a 90% graduation rate, depending on what year they're in, the maximum number of graduates would be somewhere around 12,600. This is much needed in communities and it also serves the broader population.

Interestingly enough, we are told by our students that over 50% of the students we're now supporting have continued on to a second degree. That's very encouraging and a very new trend among our students. More than 42% have jobs and 50%-plus tell us they are working in fields that support indigenous people. There is the opportunity to create change in communities, and we all know we need change. It doesn't matter which social indicator you look at in the country, indigenous people are at the bottom. That's why I ask, no matter what we're talking about, should we take on housing, should we improve governance, should we do more development? What should we do? All of those things require capacity. That's why we think education is the best way in.

I have some more numbers for top 10 fields of study we supported last year. I mentioned STEM, where we supported 649 students last year; business, 452; educators, 601; nurses, 391; doctors, 200; law, 191; and I could go on. These are the stories Canadians don't hear about. This is the potential we're growing.

I saw this morning the the number of jobs increased in Canada in September. I'm excited by that. I'm worried, though, that the labour force participation rate of indigenous people is almost 5% below that of non-indigenous people. If you look at the 15-to-24 age group, you see that it's 12.4% lower. We need to change that. If we do close that gap, potentially one-fifth of labour force growth in Canada would be indigenous youth by 2036. That's encouraging and promising, but only if we make an investment now.

● (1145)

The Chair: Thank you, all.

Mr. Kelly.

Mr. Pat Kelly: Thank you.

Mr. Smith, from your work in mergers and acquisitions in Calgary, it would seem to me that you may really be at ground zero of the capital flight that is taking place in Canada and that has been under way for quite some time. You mentioned Canada as being the best place on earth to live and work. I wholeheartedly agree with that sentiment. The market is telling us that it is perhaps not the best place to invest right now. We're seized with the question of competitiveness. Can you address the issue of Canada's competitiveness and the effect that capital flight from Canada could ultimately have on employment and on a matter very dear to this committee's work, namely government revenues?

Mr. Michael Smith: In terms of investment, yes, we are seeing people and enterprises reducing the amount of investment they're making in Canada. I can say that I've seen less foreign inbound investment in recent times than I have throughout my entire career.

We also see both enterprises in Canada and multinationals also looking to either curtail investment in Canada or to exit Canada all together.

In part, that relates to tax rates and economics, and in part—at least where I live—that relates to access to market issues.

Mr. Pat Kelly: Are you referring to access to market issues for energy products? It's astounding to me that we would seemingly go out of our way to impoverish ourselves as a society by cutting off and preventing the construction of projects.

Can you give us some further insight on how this ultimately affects government revenue and, therefore, the ability to fund all of these worthy asks that are before us today?

Mr. Craig Alexander (Partner and Chief Economist, Financial Advisory, Deloitte Canada): Let me field that question as an economist.

When we look at the outlook of the Canadian economy, the economy grows because you either have more workers or you use your workers more productively. Productivity, basically, is heavily affected by your capital investment.

When we look at the forecast for the Canadian economy, the trend rate of growth is going to drop from what was 3% in the 1990s down to around 1.5% over the next decade or two. If you think about that, when you add on inflation, that basically means your trend rate of income growth in your economy drops from 5% to 3.5%. That's a 30% drop in your income growth. That's what you tax.

Effectively you're saying the trend that Canada's on—unless we can boost productivity and improve competitiveness—is basically a 30% reduction in the fiscal capacity of governments to meet the priorities they are challenged with balancing.

Mr. Pat Kelly: The ability of the government to say yes to the funding requests we have today is entirely tied up in our inability to get energy products to market and our inability to stem the outflow of foreign capital and domestic capital and once again attract investment to Canada.

Mr. Craig Alexander: The priority is to find ways to improve productivity competitiveness and to increase economic growth so that the income pie gets bigger and it's easier to meet socio-economic priorities. Ultimately, this calls for balance.

I've appeared before this committee many times. I've appeared to make the case for increased investment in early childhood education. I've appeared to talk about the importance of investing in skills training. At the end of the day, if we want to pay for these priorities, we actually need the economy to grow by creating jobs and income so that we can pay for these investments.

The Chair: Could you clarify, Mr. Smith, what you mean by "access to market issues" for the benefit of the committee?

Mr. Michael Smith: This is getting energy products to markets other than the United States, so getting to deepwater ports. That access to market issue is currently impacting potential investments in Canada.

The Chair: Okay.

We're back to you, Pat.

Mr. Pat Kelly: Thank you, Mr. Chair.

I'm going to just switch to Madame Jamieson.

Your presentation spoke of a very positive story, and it was nice to have that information.

When we examine issues around the experience of indigenous Canadians in the workforce and access to economic opportunity, there's a tendency to focus on or think about the experience of indigenous people who live on reserve or in remote communities. If I understand correctly, though, a full majority of indigenous Canadians now live in cities, with a mixture of success in terms of participation in the labour force and access to education.

Can you address barriers, or some of the work your organization does that might be geared to urban indigenous Canadians?

● (1150)

Chief Roberta Jamieson: You are right in saying the majority of indigenous—and remember that indigenous includes Métis, first nations and Inuit—now, of course, do not live on reserve. Métis would not live on reserve in any event, nor would Inuit, but the majority of first nations people still reside on reserve. There are different ways that we cut the statistic. It doesn't really matter which statistic you pick up. I think the Auditor General told us that fewer than four out of 10 graduate from high school on reserve. Let's look at off reserve and let's look at indigenous writ large: 87% completed high school or a higher credential whereas 69% indigenous did not. There's still a gap, still a disparity.

You're right that my focus is very much not on emphasizing the gap; it is on closing it. The work we do ranges from youth empowerment conferences for young people.... We are about to have one in Calgary, in fact, in February, for 1,000 indigenous students, to get them to focus on being part of a critical mass that can create a different future for their family and their communities.

We also provide mentorship so that those students who are nearing graduation have a mentor who is working, because our students don't have a network. We don't have Uncle Bob who knows sister Sheila. We don't have those pathways. We've now cascaded the mentorship from a person employed to a new graduate, and now to high school. This is having an impact, because we're connecting the students where they live, in urban, rural or fly-in communities, and getting them to see what is possible to achieve their potential. Mentorship has been a key tool.

The chair will know I could go on about this even longer, but I see him out of the corner of my eye wanting to give other members a chance to ask a question.

Thank you very much.

The Chair: Thank you, Roberta.

Mr. Julian.

Mr. Peter Julian: Thank you to all witnesses.

Mr. Summerville, I'd like to start with you. You're putting forward a very compelling argument that we need to prioritize providing supports for Canadians who are suffering from mental health issues. No family is immune. My family is part of that. I'm sure each member around this committee table could mention similar circumstances, so we have to take this seriously.

In British Columbia we have a historic establishment, the first Ministry of Mental Health and Addictions in the country. Judy Darcy is the minister. She shares New Westminster in the legislature with me. She is the provincial representative and I'm the federal representative. Do you not think that would be an important approach for the federal government to take, to put in place a federal ministry for mental health and addictions that then allows, really, that priority to be given to mental health issues?

I understand and agree with your push for funding, but don't we need to take it up even further so that we provide the supports to Canadians who need those supports?

● (1155)

Dr. Chris Summerville: That's an excellent question, because in fact, when the members of CAMIMH met this past week, Mental Illness Awareness Week, we did discuss such a role, that there would be a federal minister of mental health and addictions.

Mental health and addictions have to be addressed simultaneously, because they are both primary disorders. Unfortunately, they're not, in most cases, addressed simultaneously. It's not just about funding. It is also about a systemic change at the very heart of how we plan and deliver mental health and addictions services.

In light of the deprivation, the stigmatization, the ghettoization, the discrimination, etc., of people enduring mental illnesses, it's going to take a whole lot more than funding. In fact, we have to move toward a recovery-oriented mental health system. The current one treats symptoms. It oftentimes does not result in quality of life. Everyone around this table, according to how they have talked, is affected by mental health and addictions in the workplace.

So, yes, I would fully agree, as the CEO of the Schizophrenia Society of Canada, but I'm sure that all of the members of CAMIMH would be delighted to see such a position and role.

Mr. Peter Julian: Thank you very much.

[*Member speaks in Halkomelem*]

I bring greetings from the traditional territory of the Qayqayt First Nation and the Coast Salish peoples.

Thank you for your work. It is very important what you're doing and a very compelling presentation when you talk about indigenous students who are travelling, on average, 2,000 kilometres from their home to study—in many cases much farther than that. The challenges that this represents, not just financial but the cultural challenges in moving from often small indigenous communities to a large city, are incredibly hard to often overcome, yet your success rate is phenomenal.

I certainly support your call for funding, but what are the other obstacles that the federal government needs to deal with in the next budget for post-secondary education for indigenous youth?

Chief Roberta Jamieson: I think it will be very important to support, as I mentioned, the call from indigenous organizations and from Universities Canada for more support for education. It's one thing to recruit students into university. It is another to retain them.

We've been doing some work. In fact, we had a round table in Ottawa a couple of weeks ago with Universities Canada, presenting the results of a survey. We took the temperature. We asked our students, over the three years since the TRC report was tabled, what had been happening, what was working and what were the challenges that remained.

Of course, financial barriers were number one, but beyond that, students wanted the institutions to embrace them as indigenous people. They want to see indigenous professors. They want to see curriculum. They want to see more than lip service being provided. Some of the universities, like the University of Winnipeg and in Thunder Bay, are requiring every student to take a course in indigenous relations so that they understand the shared history we all have of Canada.

We have to change the environment so that it's welcoming and supportive. Student centres are very high on the list. Students are far from home and they would like to be able to go somewhere where they can access elders' counselling. They want support from other students when they feel alone or they don't have access to ceremonies, for example. All of these things universities and colleges are really striving to provide, but they also need support.

Of course, the key is also going to be to change the K-to-12 completion. If we can get more students in that pipeline and support them when they reach.... We have a picture we use in our materials of students standing on a summit. Why? Because that's what you have to do to graduate from high school if you're an indigenous kid, and once you get there, I think Canada ought to be willing to provide you with bursaries to achieve your potential.

● (1200)

Mr. Peter Julian: Thank you very much.

I'm going to move to Ms. Friendly.

Ms. Friendly, we've had a few decades of corporate tax cuts. We have a half a trillion dollars sitting in corporate bank accounts, yet we have as much inequality as we've seen in the last century. Don't we need to look at another approach in terms of competitiveness?

When we look at universal medicare, universal pharmacare, universal child care, those are elements that contribute to addressing this profound inequality that we're seeing. At the same time, we are providing benefits to our businesses and enterprises to help them be competitive. For medicare, the subsidy to our companies is $3,000 per employee, per year. Isn't child care the same kind of competitive advantage that we should be looking at?

Ms. Martha Friendly: I think that's precisely the point I'm making. In fact, child care is embedded in all of these agendas. It's embedded in the indigenous education agenda. It supports post-secondary students. It certainly supports women in every way that you can imagine.

I'm only talking about it as a program for adults, but that's only one of the two main facets of early learning and child care. The other one is that it's a program for children. We know that, as a program, early learning and child care is good. It's good for all children. It does provide more vulnerable children with more advantages—cognitive advantages, language advantages and social advantages—if it's well done.

When we talk about how it fits into a competitiveness agenda, there is specific research on how this helps women enter the workforce. There's research with regard to women of different socio-economic categories. It helps employers, because there aren't worker absences and things like that. You can add up all of the research, but it really is so that it is an impediment to a society, in a whole variety of ways that I don't think I have even enumerated here, if we don't have the kind of systemic approach to early childhood education and child care that really successful countries have developed. In this we're way behind most of the OECD. Today universal child care is accepted as a pillar of a modern society. Essentially, you can't have a modern 21st-century society unless you've paid attention to this program, which delivers multi-benefits to different people.

Again, we're not saying it's a one-size-fits-all program, but there are certain things that we know about it that are across the board. It needs to have good people working in it. They need to have decent salaries. They're almost all women, by the way. It needs to be in decent facilities. It needs to have enough people. It also needs to fit parents' schedules for work. I want to emphasize that. Unless you build it to be systemically funded as opposed to a user-pay market, which is what we have, you can't meet the needs of our precarious workforce with non-standard hours for workers and so on.

There are a lot of facets here. It's not a tiny little consumer item. How does it fit into a competitive society? There's a long list of ways. That's why it needs to be addressed systemically. Canada is lucky, in a way, because we haven't done much on this yet. There's lots of learning to be had from other places about what to do and what not to do.

I hope that answers your question.

The Chair: We'll have to end it there.

Peter managed to stretch his seven minutes into 10, Mr. Sorbara, which means you get five.

Mr. Francesco Sorbara: That's all right. Sometimes I don't mind sharing.

There was a comment made earlier by one of the presenters, I think maybe Roberta, about the juncture we're at in our country's history. I think it's important to sometimes step back from that and look at that holistically, because our work, I believe, on the indigenous file, if I can call it that—I don't think "file" is a fair term but that's the best one I can think of right now—was long overdue. I grew up in northern British Columbia, in a beautiful little town-city called Prince Rupert with a wonderful indigenous community. First peoples have been there for thousands of years. I think the work we are doing, both urban and non-urban indigenous, is groundbreaking and life-changing for many people.

Roberta, you made a comment about folks not having the network. They don't know who to call and stuff. I agree, and your organization provides that bridge and that education. I think that has to be applauded.

To Mr. Julian's comment, in the world we live in today, poverty rates throughout the world are falling. It's a fact. Look at the UN or OECD. In Canada we've put in place a number of pillars, including the Canada child benefit, in which we've put an additional $5 billion a year going to families, means-tested, across Canada. That is lifting literally 300,000 children out of poverty. You can go and look at the base data on it and differ on a few numbers here and there, but that's the trend. I think we are going the right way. We are making those investments that are making a difference in people's lives.

To the organization that has advocated for a national child care plan, the government did come to an agreement with every single province across the country in the first part of its mandate to do that. Ontario voters, unfortunately, in the last election rejected a province-wide day care plan. We need to think about why that happened. I'm an MP from the province of Ontario, and I need to think about why voters rejected that.

I'll stop there and ask questions.

To Indspire, how big can we get your program to become? Could you answer in 30 seconds, please; I only have five minutes.

● (1205)

Chief Roberta Jamieson: Thirty seconds...? Okay.

If we could fund the 130,000 students who will be on the horizon in the future, at $20,000 full funding, it could be huge. I'm a realist. That's why I'm saying 14,000 students annually is something I'm willing to take on and scale up to serve, and it could be done for an investment of $225 million over five years.

Mr. Francesco Sorbara: Thank you, Roberta.

I want to speak to you, Craig and Michael. I come from your world. I know it quite well. Competitiveness is a big thing. If I understand correctly, you were advocating not for a change in the top rate but for actually pushing the band higher in the top rate so that it would kick in at a higher income. Is that correct?

Mr. Michael Smith: We're advocating for both, for a change in the top rate and an increase in the band.

Mr. Francesco Sorbara: But you would not be advocating for us to pursue the policies the U.S. has in terms of giving a deficit-to-GDP ratio of nearly 5%, would you?

Mr. Michael Smith: We don't think the approach the United States has taken is affordable at this point.

Mr. Francesco Sorbara: We do want to ensure, and I've spoken to many tax practitioners and economists like Mr. Alexander, that we use what's called a "shotgun" approach, to use the hunting term, with regard to key measures, including, say, capital cost allowance, which you'd think would be effective.... I know that Jack Mintz disagrees because of the cash flow profile, but would you say that a capital cost allocation, or movement on that issue or policy proposal, would be effective?

Mr. Michael Smith: Do you mean increasing the capital cost allowance rates?

Mr. Francesco Sorbara: Yes.

Mr. Michael Smith: I think that's helpful, but in a low-interest environment it's not as effective as some other tools. It also tends to be fairly industry-specific. Some industries are more capital-intensive than others.

Mr. Francesco Sorbara: Mr. Alexander, do you want to comment? I'll give you my remaining 20 seconds.

Mr. Craig Alexander: When I go abroad to pitch Canada and I try to get foreign companies to look at Canada as a destination, I basically pitch Canada in three areas.

Number one, come to Canada because we have the most educated, most skilled workforce in the advanced world. It speaks to a lot of the other comments you've heard today around skills and education.

Number two, come to Canada because you can serve the Canadian market but you can also tap the U.S. market. Up until just recently, that had been in question as we were renegotiating our free trade deal.

Number three, come to Canada because we tax capital at a lower rate than the United States does. I don't think we need to maintain the spread we had with the United States, but even a symbolic level of corporate taxation that is slightly below that of the United States.... I don't want to see a race to the bottom, but I do think that when we are trying to market Canada abroad to attract investment to create jobs and growth, having an overall tax rate that's slightly below the U.S.'s makes for a very strong pitch.

● (1210)

Mr. Francesco Sorbara: I would encompass that because it relates to standing of living and it relates to paying for programs that the YMCA and YWCA want to fund. We need to look at and pursue policies on competitiveness. That closes the gap on the productivity per worker. I know this is not language you use every day, but it closes that gap in the productivity per worker in Canada versus the productivity per worker in the United States, because that's what determines, effectively, our standard of living.

Mr. Craig Alexander: Today's comments were focused on taxation, but in our submission we talked about how to accelerate growth, how to enhance regulation, how to create the workforce of the future and attract international capital to Canada to drive economic growth and competitiveness. The submission has a broader discussion.

The Chair: Thank you, all.

Ms. Alleslev, you have five minutes.

Ms. Leona Alleslev: Thank you.

I'd like to continue that conversation, if I could, because you talked tax, but you also, I think, talked about corporate tax and personal tax and the coordination with the provinces, because it's an entire tax envelope. Am I correct?

Mr. Michael Smith: Correct.

Ms. Leona Alleslev: Further to that, would you say that affects productivity, and where does balancing the budget sit in that conversation?

Mr. Craig Alexander: The tax rate on capital has an impact on investment. Investment helps drive economic growth. Economic growth creates jobs and it also creates income, which then creates fiscal capacity for governments. It's a holistic circle. At the same time, there has been criticism in the past that reductions in the corporate tax rate have not had the desired impact on investment, but the thing you need to consider when you think about that experience is the economic environment that was unfolding at the time. In point of fact, the question you need to ask is, how much weaker would investment have been if the corporate tax rates had actually not come down?

In point of fact, I do believe that reductions in corporate tax rates in the past have indeed had a positive impact on investment and growth. I've had an opportunity in my former role at the TD Bank to go from coast to coast talking to businesses. At Deloitte I now have the same sort of opportunity. I can tell you that past reductions in corporate and business tax rates have in fact ultimately led to higher investments in the economy.

Ms. Leona Alleslev: The next piece you mentioned is workforce. I wonder if you could expand a little on the recommendation that you have in here about how that investment or support from the government, in terms of a budget, should be rolled out. Should it be directly to individuals, or as you suggest, through businesses, and why?

Mr. Craig Alexander: I think that, ultimately, when it comes to skills development and building the workforce of the future, you need to take a balanced approach. In the past I've actually been a strong advocate for early childhood education because it's building the workforce of the future. But like most businesses, you also have to pay attention to the needs at the moment. If you just focus on the long term, your quarterly performance is going to deteriorate badly. You need a workforce today, so we actually need to focus equally on adult skills.

In terms of the transformation in the economy and the impact that technology is having, I'm deeply concerned that a lot of middle-skilled jobs are getting displaced. What we can see is 40% of businesses can't find the workers with the skills they need. We really do need to upskill the workforce.

One of the interesting things about working at Deloitte is that there's a group called Omnia that does AI and machine learning-related research. I'm not convinced it's going to replace jobs; it's actually going to replace tasks. What that ultimately means is that we need to change the skills the workforce has to meet the needs of business, so in our submission we were talking about how you complement the education system in terms of creating incentives to increase training and improve the skills outcomes that workers have.

Ms. Leona Alleslev: Then the last point I wanted to get to was that you mentioned we're not reaching commercialization. Can you give us an idea of why not, what we need to do to be able to do that, and why it matters?

Mr. Craig Alexander: It's a big conundrum. When you think about Canada's R and D, we've actually had very generous tax credits for a very long period of time. It's a question of why it isn't translating. One of the things we have observed is that in Canada, relative to other countries, we do more of the R and D work through academic institutions. As a consequence, it may slow down commercialization. One of the things that can help accelerate things is stronger partnerships between academic institutions doing R and D work and businesses. There's a role for the government to play also as a facilitator in helping to catalyze the opportunities that are possible from a commercialization point of view.

● (1215)

Ms. Leona Alleslev: Thank you very much.

Lastly, for Ms. Walmsley, that was a fantastic presentation. I don't believe you made a submission. It's definitely an area of interest.

What I wondered, which we don't probably have time for right now, is if you could give us some comparative examples of where the portfolio-managed situation is disadvantaged relative to the other option and why, therefore, the suggestions or recommendations that you're making would make that significant difference and benefit that group.

Could we just have some of those comparative examples and perhaps a submission of the things that you so eloquently provided to us today.

Ms. Katie Walmsley: Sure. Thank you very much.

I'll start with a few comments, and maybe Mr. Heldman will join in.

The disadvantaging basically comes from the fact that pooled funds, as we mentioned, are lesser known. People know about mutual funds. They know about defined benefit pension plans. Pooled funds are sort of behind the scenes in employer-sponsored defined contribution plans.

Some of the tax issues involved with those are complex and little known to the people, the individuals in them. For the international investors, in their pension plans that it could be in, it may not be as visible. What is visible is the fact that the returns are less. The returns may be less because they may have dropped below this 150 arbitrary rule that results in some tax penalties.

We're asking for the playing field to be level with other insurance products and with mutual fund products, particularly because of the small business impact. If small businesses can't afford to provide a defined benefit pension plan, they provide group RRSPs and defined contribution plans. Those are through pooled vehicles. We're just wanting to level the playing field, encourage investments in those pooled vehicles, and eliminate the chances of those pooled vehicles that have retirement savings in them that shouldn't be paying tax.... They sometimes inadvertently are unbeknownst to the individuals in the pensions plans in those.

Mr. Heldman, I don't know if you want to add anything?

Mr. Theo Heldman: Yes, I can provide a brief example.

For instance, if I'm an employer and I want to set up some sort of a deferred plan, I could ask my employees to invest in a retail fund and put their savings in that. Let's say I negotiate an institutional agreement with an investment manager to create a pooled fund and invest through that mechanism. It's essentially the same thing. It's just the channel in which I'm investing is going to be different.

But if I'm a pooled fund and I'm a registered investment, I'm restricted from investing in certain markets. I can only invest in those where securities are listed on a designated stock exchange. Currently that list excludes India and China, for instance. These are two rather large emerging markets, which are ultimately slowing down in today's economy but are potentially large savings vehicles for investors. That would be excluded from my portfolio management space because it's not on a designated stock exchange list.

We're advocating modernizing some of the rules to look through to the ultimate pension investors in those pooled funds, because they are widely held. They just happen to be held through a particular channel in this case as opposed to the retail mechanism.

Expanding that list to include those markets that we think are quite fairly included under a double taxation treaty or a tax information sharing agreement with those countries, I think that affords the policy position of Finance and allows a better result for the investor itself.

The Chair: We're substantially over time.

I'm going to come over to Peter.

Just on this point on pooled funds, Leona, the paper presented today once it's translated will be given to all members.

I wonder if there is a way either Katie or your organization.... On this point, there's no way big tax changes are going to come very quickly. On the pooled funds problem, when you go back and think about it, can you give us the road map to how to do this reasonably quickly? Then we can have Finance officials or whoever look at it. There is an inequity there. I've met with this before. I think others have as well. There is an inequity there that could have a fairly substantial impact on retirement savings, etc. If there's a way it can be done without getting into comprehensive tax reform at this point in time—I think it has to be done over the longer term—then it may be possible to do that.

Could you think about that and drop me or the clerk a letter?

Mr. Fragiskatos.

● (1220)

Mr. Peter Fragiskatos: Thank you, Mr. Chair.

Thank you to all of you.

My community of London, Ontario, has for some time been in the process of transitioning away from a manufacturing-based economy towards something quite different, embracing innovation, embracing firms that are pursuing R and D, and so on.

For that reason, Mr. Smith and Mr. Alexander, I was very interested in your comments today on what Canada can do from a competitiveness perspective to attract firms that do just that—firms that are high-tech, innovative and focused on R and D.

You highlight that taxation levels and taxation incentives matter a great deal, and I agree with you, but surely other factors matter as well. I'm not saying you are dismissive of other factors, but it's important to put on the record that much has been said on this subject. For example, there is a landmark 2016 study by the OECD that is highly relevant to this specific issue, called "Where to Locate Innovative Activities in Global Value Chains".

In addition to taxation levels and taxation incentives that might be available, that report highlights the following factors: strong universities; an available talent pool where you have a high number of Ph.D. graduates in a particular locale, scientists, engineers; an airport infrastructure that facilitates international connectivity; the English language proficiency of the labour pool; the population size of a city or region; and international patent rights protection.

As we study this issue of competitiveness, and as we delve into matters such as those brought to the table by you folks, it's important to have a holistic view of all the factors that are relevant and at play.

I have limited time, so if you have a response to that, please go ahead. I also want to put a question to Ms. Jamieson, though.

Mr. Craig Alexander: The formal comments were focused on taxation, but the submission we made to the committee actually covers how to accelerate growth in a broad way, including other areas of competitiveness besides taxation. These include things like enhancing regulatory competitiveness, which means reducing the burden on businesses to allow them to grow.

Another area we talked about was how to attract start-up companies, for example, into new markets like London. France currently has a tech visa program. The message is "Come, we will make it more attractive for you to launch your next tech firm in our community versus the other community."

We're in a very competitive landscape in terms of trying to attract talent. When it comes to policies around immigrant entrepreneurs, they often get melded with immigrant investors and this can be a very contentious subject.

Mr. Peter Fragiskatos: It's appreciated, Mr. Alexander. As I said, I don't have much time. I have certainly looked at your brief. Taxation matters a great deal. Regulation matters a great deal. One of the things we've heard a lot at this committee is thoughts on regulation and taxation. I just make the point that it's important to have a holistic view, hence my reference to the 2016 OECD study.

Ms. Jamieson, as I said to you before this meeting started, it's a great honour to meet you, especially as a fellow Western University alumnus and someone who was at Western before going into politics. They love you there, and for good reason.

You have a recommendation on tracking post-secondary outcomes of first nations, Inuit and Métis students. Is that tracking not happening now, or if it is happening, is it not sufficient? Can you go into that and what the ultimate aim of that recommendation would be?

● (1225)

Chief Roberta Jamieson: The Auditor General has told us, and it's now well known, that we have woefully inadequate data on post-secondary indigenous students, and for a lot of reasons. We've counted them differently. We haven't counted them at all. A lot of communities still do not participate in the census or Statistics Canada's materials.

Now we have contact. Since I've been at Indspire, we've given out more than 32,000 bursaries. We have direct access to students. They trust us. They share information with us so that we can determine trends that will be helpful to policy-makers.

The problem is that I don't have resources to mine a lot of that information. We mine some of it now, but it would be very helpful in determining where to place the emphasis in the future in supporting students more in STEM, less over here, more in business, and also in taking apart what the challenges are. We know day care is a huge challenge, child care for our recipients who are women. What would we do?

Any area of policy would benefit, I think, from more accurate fulsome statistics on post-secondary indigenous students. Where are they going to school? Why are they going there? What is it that attracts them? How many degrees are they taking? Where is it that they see their future jobs could be? What barriers to those jobs do they see?

We track a lot of those things now. We do surveys and students participate. What I can't do at the moment is to make as much use of that information as I would like, and as policy-makers need, to make decisions for the future. That's why in our submission there's a very modest ask of $1.5 million over five years to enable us to do that.

Mr. Peter Fragiskatos: Modesty is a virtue, so thank you very much.

Chief Roberta Jamieson: Thank you.

The Chair: We're just about to adjourn, but based on all the discussion you've heard—and there are no questions your way, Ms. Roy and Ms. Sultana—is there anything you want to add?

Okay.

I do have one other question.

Earlier, Mr. Smith, you talked about there being other tools that are better than...and I think you meant accelerated capital cost allowance or depreciation. What would they be in terms of making us competitive?

Mr. Michael Smith: Reduce corporate tax rates and reduce personal tax rates, and have R and D incentives.

The Chair: Okay. I have one other question, and it has come up many times for people in the finance area, and that is about having a comprehensive review of the tax system. I don't think we're going to as we're a year out from a general election, but how would you see that being done? What would be the starting point for doing that? Would it be a white paper? Would it be a commission or whatever, to then be turned over to a future finance committee? What would be the process to get it done in the best way, with experts in the field? What's your suggestion there?

Does anybody—Michael, Craig, Katie—want to answer?

Mr. Michael Smith: I'm supportive of looking at comprehensive tax reform. It could be a multitude of those forums that you look at. I think there needs to be broad consultation in going through that. Certainly, it's a process that other countries have been going through recently. I think the U.K. is probably one of the more notable examples in recent times.

● (1230)

The Chair: Okay. Is there anybody else? Are there any final points?

Go ahead.

Mr. Theo Heldman: I echo Mr. Smith's points. I think a broad bandwidth of various different types of input is necessary to accomplish that immense task.

The Chair: It would also be better to start with experts in the field than with a committee of politicians, I would think.

With that, I thank each and every one of you for your presentations and for asking and answering questions.

Committee members will suspend until 1:15.

● (1230)

——————————— (Pause) ———————————

● (1315)

The Chair: We'll reconvene and welcome the witnesses.

We are doing our pre-budget consultations in advance of the 2019 budget.

For the witnesses who presented the submissions, members do have the original submissions on their iPads, and we look forward to your presentations today.

I will just quickly go around the room so you have a bit of a feel for where members come from and who they represent.

I'm Wayne Easter, chair. I'm a member of Parliament with the governing party, from Prince Edward Island and the riding of Malpeque.

We'll start with Peter.

Mr. Peter Fragiskatos: Good afternoon, everyone.

I'm Peter Fragiskatos, a member of Parliament for the riding of London North Centre. I sit on the governing side as well. I am very much looking forward to hearing from you today.

Mr. Francesco Sorbara: I am Francesco Sorbara. I am the member of Parliament for Vaughan—Woodbridge. Welcome, everyone. I look forward to your presentations.

Thank you.

[*Translation*]

Mr. Greg Fergus: Good afternoon. My name is Greg Fergus.

I am the member for Hull—Aylmer, a riding across from Ottawa in the province of Quebec. I have been a member of the Standing Committee on Finance for two years, and I am pleased to be here with you.

● (1320)

[*English*]

Mr. Peter Julian: My name is Peter Julian. I'm the member of Parliament for New Westminster—Burnaby, on the other side of the country, as well as the NDP vice-chair of the committee. I am very pleased to be here.

Thank you very much.

Ms. Leona Alleslev: I'm Leona Alleslev, the member of Parliament for Aurora—Oak Ridges—Richmond Hill.

Mr. Pat Kelly: My name is Pat Kelly. I'm a member of Parliament for Calgary Rocky Ridge. I am a member of the opposition Conservative caucus.

The Chair: We will start with the Canadians for Fair Access to Medical Marijuana.

Mr. O'Hara.

Mr. James O'Hara (President and Chief Executive Officer, Canadians for Fair Access to Medical Marijuana): Thank you, Chairman, and members of the committee, for the invitation to speak with you today.

Let me get right to it. It's unlikely I'll need my full time today since these are fairly simple and straightforward points that I'll outline for you.

The main reason that this government has made statements over and over again for maintaining taxes on medical cannabis is that non-medical users wishing to purchase cannabis will flock to take advantage of the medical system and abuse the very system that is designed for medical patients.

While that's a very weak and unproven excuse to begin with, it wrongly punishes and conveniently takes advantage of the innocent, legitimate and economically challenged medical patients who are unable to defend themselves and who have turned to medical cannabis to manage their medical conditions and improve both their health and their lives.

However, as of October 17, when all Canadians can legally access cannabis, this so-called reason is no longer valid. It's that simple. I call on this government to end the practice of taking advantage of medical patients to fund the government's legalization needs and end the senseless, harmful and shameful tax on medical patients as of that date.

Let me elaborate and give you a profile of the typical medical cannabis patient. The greatest percentage of medical cannabis patients are among the most economically challenged of Canadians, struggling to maintain their health and simply trying to live. Many are on disability income today. Patients on disability cannot even claim the cost of medical cannabis on their tax return because they have disability and have not earned income.

It's also critically important to recognize that not only are they financially challenged to begin with, but they're also funding their own medicine since cannabis isn't typically covered by drug plans. This isn't unlike medical cannabis patient Sarah Colero, who sits in the visitors' gallery with us today. Sarah had two strokes as a child of only five years old and has suffered with seizures and migraines all her life. She was prescribed oxycodone and hydromorphone, and since switching to medical cannabis, she not only got off opioids, which frankly is a feat unto itself, she has eliminated her seizures completely and now lives independently. Her migraines are completely manageable.

Also, please understand that in the vast majority of cases, medical cannabis patients have already exhausted conventional and funded medical options, either because they simply don't work or they left the patient in such a state that they couldn't function properly. There's also a large segment of medical cannabis patients where cannabis allowed the patient to return to work, to live, to function, to earn a wage, and to help themselves and their families as best they can—just like Sarah has.

What's common among the patients? I'd submit that through medical cannabis, patients are actually costing the provinces, the federal government and insurance companies less money in drug, health care and workplace insurance costs since they are funding their own medicine while often contributing to the overall productivity of this country through their ability to return to work.

Is this who we should be taking advantage of?

These patients should not be financially punished or penalized for taking ownership of their health. They should be commended for taking responsibility of their own health, getting off opioids, and returning to a much better level of health. They should not in any way be viewed as individuals to be financially taken advantage of, as this government has done.

I ask you this important question today. Is this really who we've become as Canadians, taking advantage of the ill and economically challenged who are doing their very best to take care of themselves and their families? Is this really who we are as Canadians? I don't think so.

I suggest you honestly look at yourselves in the mirror and ask yourselves this very same question.

My vision of Canada is a much better one than this and I suggest we're way better than that. It's time to demonstrate who we truly are as Canadians and remove these taxes.

In closing, I submit to you today that this government's taxing of medical cannabis is utterly shameful, and the practice of taking advantage of medically challenged and responsible Canadians must stop.

Thank you, Mr. Chairman.

● (1325)

The Chair: Thank you, James.

Turning then to the Canadian Vehicle Manufacturers' Association, we have Mark Nantais.

Welcome, Mark.

Mr. Mark Nantais (President, Canadian Vehicle Manufacturers' Association): Thank you very much, Mr. Chairman, and good afternoon, honourable members.

First and importantly, I'd like to take this opportunity to congratulate the government on successfully concluding the U.S.-Mexico-Canada agreement. It has been a tough and intense negotiation, and Minister Freeland and the Canadian team are to be commended on their outreach to industry in seeking guidance and arriving at a modernized agreement that provides more certainty and builds a strengthened platform for trade across the North American integrated industry.

Certainty and predictability are what industry needs to make new investment decisions along with meaningful, agile and effective support measures. To that end, coordinated federal and provincial policy frameworks must continue to be responsive and adjustable to new circumstances that best meet industry's competitiveness needs in a global market.

I have four things that I would recommend today. First is fair and balanced trade opportunities. The USMCA, as it's now known, is an agreement in principle that must now be translated into legal text for implementation, not to mention approvals in the three countries.

CVMA will continue to provide assistance to the government in this regard. Importantly the agreement removes the threat of U.S. section 232 auto parts tariffs through the enactment of a side letter to the agreement. What remains outstanding is the U.S. 232 tariffs on steel and aluminum. I have to believe that the goodwill built up between the Canadian and U.S. negotiating teams can be leveraged to address this matter in very short order.

More broadly speaking, we acknowledge the government's interest in trade diversification and are directly engaged in the government consultation respecting Mercosur, the Pacific Alliance and the ASEAN trade negotiations. While we support fair and balanced trade opportunities, we do not support diversification at the expense of our member companies, their workers or our domestic supply chain.

Respecting CPTPP, we remain very concerned that Canada has opened its domestic market to CPTPP party countries without adequately addressing current non-tariff barriers to trade. CPTPP has a dispute mechanism that addresses only future barriers. Any auto-related trade outcome that unilaterally reduces or eliminates remaining tariffs essentially provides savings worth hundreds of millions of dollars annually to automobile importers who do not produce here, do not use Canadian auto suppliers and do not generate Canadian manufacturing jobs. These are outcomes that we must avoid.

Second is ensuring that the auto sector is an identified class within the federal carbon pricing system and that the recycling of revenues underpins competitiveness of industry. The proposed federal carbon pricing system provides for the development of an output-based pricing system, the aim of which is to reduce greenhouse gas emissions and minimize competitiveness risks for emission-intensive, trade-exposed industrial facilities so as to avoid carbon leakage.

The auto industry is low energy intensity but its trade exposure at 95% plus makes it the most trade-exposed sector in Canada. Considering that Ontario is a high-cost operating jurisdiction, our manufacturing plants are prime candidates for carbon leakage to other competing jurisdictions having higher GHG-emitting energy inputs. Should this occur, the environment loses, our economy is negatively impacted, and we potentially risk losing thousands of high-value jobs. None of these outcomes is desirable.

As the federal government moves forward, it must sufficiently recognize the diversity of the Canadian manufacturing sectors and their facilities and the degree to which the imposition of carbon pricing system costs may undermine a company's competitiveness relative to competing jurisdictions in which they operate.

Program design and attendant requirements are the key to a successful achievement of GHG reduction with minimal economic impact while preventing carbon leakage. For industry, this means a revenue-neutral approach. The program must ensure that the revenue generated under the carbon pricing policy is appropriately recycled back to the company from which it came.

This can be achieved by ensuring that every dollar paid under the federal carbon pricing regime is recycled back to the originating company to be used for new investments in innovation, operating efficiency, and competitiveness. Otherwise, if revenues paid do not equal revenues restored, the difference is simply a tax. It's a tax that our competing plants and other jurisdictions do not have to pay. We are working closely with the government on the program design, and we greatly appreciate the ongoing collaborative approach.

Third, reform Canada's tax policy. Canada must restore its corporate tax advantage over the United States to attract investment and innovation and to spur growth. Canada has the top combined federal and provincial personal income tax among the OECD countries. We strongly recommend that Canada close the tax advantage gap with the U.S. and examine opportunities to make the tax system less complicated and burdensome in order to improve the ease of doing business in Canada.

● (1330)

I might add, there is a recent C.D. Howe Institute report that talks about income tax and what it actually can do to attract new skills and retain highly skilled workers. You might want to take a look at that now, Mr. Chairman.

Lastly, we need to strengthen the strategic investment fund. Canada's innovation policy framework must be responsive and sensitive to the competitive needs of the industry to support a company's ability to actually bring new investments to Canada. Our industry's investment portfolio ranges from the research and development of technologies that enhance advanced production processes, to joint ventures and partnerships with Canadian-based companies having strong capacities in software development and artificial intelligence, to connected and autonomous vehicle development. All of these meet the objectives of the government's innovation agenda and the product and driving experience being demanded by our consumers.

The industry is evolving at a lightning speed, developing technologies in what will be the new shared economy. It only makes sense that we take a look at refocusing and strengthening how the SIF will be responsive to the future investment needs of auto manufacturing in Canada.

Mr. Chairman, that concludes my remarks. I'd certainly welcome any questions the members of the committee may have.

Thank you.

The Chair: Thank you very much. Mark.

Turning to the Cannabis Council of Canada, we have Mr. Lucas, vice-chair, and Mr. Rewak, executive director.

Welcome.

Mr. Allan Rewak (Executive Director, Cannabis Council of Canada): Good afternoon. I'd like to begin by thanking the committee for the opportunity to be here today. As was mentioned, my name is Allan Rewak and I am the executive director of the Cannabis Council of Canada, or C3.

We serve as the national trade association for producers of medicinal cannabis approved by Health Canada, under the ACMPR, and very soon, Bill C-45, the Cannabis Act.

With me today, as mentioned, is our association's vice-chair Philippe Lucas, who will take the lead on all questions related to medicinal cannabis and the needs of the patients we serve.

C3's diverse membership represents approximately 85% of the cultivation of legal cannabis in Canada under the current ACMPR and reflects the full diversity and scale of our nascent legal industry. Today, in consultation around the upcoming federal budget, I'd like to express two key complementary but also mutually reinforcing recommendations.

First, as we build this new industry together, we believe we must ensure that the tax environment for both medicinal and recreational cannabis is conducive to building up an industry that can effectively compete against an illicit market.

Secondly, as we do this, we must ensure that medicinal patients, who really gave birth to our sector, are not unfairly penalized for accessing the medicine that has improved their quality of life.

In regard to the first issue, as I'm sure this committee is aware, all adult-use cannabis sold in Canada will be subject to both provincial and federal sales tax. Additional provincial tax measures will occur in certain provinces and we also will have a federal excise tax. On top of this, we will have a cost-recovery fee to assist Health Canada in regulating and measuring our industry. Taken together, this cascade of taxes presents an immense cost burden on an industry that requires very significant, upfront capital outlays to begin, and which is competing against an existent illicit market that is remarkably well funded and quite adaptable.

If our shared goal is to truly replace this illicit market, we must ensure that the tax burden does not make legal cannabis uncompetitive vis-à-vis the illicit marketplace. If we are to successfully defeat the illicit market, we must be able to directly compete against them for market share, price, availability and product selection, which will altogether be the deciding factor for the success of this new policy regime.

Today we're here to share our concerns around the growing tax burden that will affect the viability of licensed producers and also the success of public and private retailers in all provinces. We believe that as we move towards October 17, we must also, as we look at this issue, not forget the needs of our medicinal patients who are facing an ever-increasing escalation in the price of their medicine. This is a direct result of the Cannabis Act.

As CFAMM has told you today, from a patient perspective, cost has always been cited as a primary obstacle in accessing medicinal cannabis, and the burden of sales tax compounds this through the application of an excise tax. Ironically, while critically and chronically ill Canadians can get opioids or benzoids tax free, patients using cannabis at the direction and support of a medical professional will face an additional 10% sin tax on their medicine on October 18.

We know Canadians don't support this. A national poll, commissioned by both CFAMM and the Canadian Medical Cannabis Council in February 2018, found that over 60% of Canadians support removing the tax on medicinal cannabis, suggesting it should be zero-rated, just like all other prescription drugs. In fact, to the best of our knowledge, Canada is the only jurisdiction in the world—and there are 30 countries that are legalizing or have legalized medicinal cannabis—that does not have a differential tax rate fully implemented for medicinal and adult consumer-use cannabis. Notably, in our discussions with members of all political parties in the House and in the Senate, we have yet to find anyone who actively believes in an aggressive fashion that taxation on medical cannabis makes sense and would oppose the removal of excise tax as we move forward in fully developing this regime.

While our country is about to take the momentous step of legalizing cannabis for adult consumers, we urge you not to forget those 300,000 Canadian patients who benefit from its use for medicinal purposes. We believe that, as all other prescription drugs, no GST and certainly no sin tax should be targeted towards sick or suffering Canadians.

In closing, I would like to thank the members of this committee for the opportunity to be here today to voice our concerns primarily on the part of patients. With my colleague Mr. Lucas, I'd be pleased to answer any questions you may have after the other deputants have provided their remarks.

On a personal note, before we begin that, happy Thanksgiving to all of you.

● (1335)

The Chair: Thank you, Allan.

With the Hotel Association of Canada, we Mr. Lund, vice-chair, and Ms. Baker, director of government relations.

Welcome.

Mr. Jonathan Lund (Vice-Chair, Hotel Association of Canada): Thank you, Mr. Chair, and thank you, members of Parliament.

Good afternoon, and thank you for the opportunity to be here today.

My name is Jonathan Lund. I am the vice-chair of the Hotel Association of Canada. In my day job I am a regional vice-president with InterContinental Hotels Group, or IHG.

Joining me today is Alana Baker, director of government relations with the Hotel Association of Canada.

The Hotel Association of Canada is proud to represent more than 8,200 hotels, motels and resorts, which encompass the $20.8-billion Canadian hotel industry. Our country's hotel sector directly and indirectly employs over 306,000 people. Hotels are a significant contributor to the Canadian economy, generating revenues estimated at $9 billion for all three levels of government.

In response to the committee's requested questions, my remarks will centre around measures that would help Canadian business be more productive and competitive.

Our submission to this committee included nine recommendations that address three broad themes, and I'll speak to each of these.

Firstly, I will address short-term rentals. The growth of Airbnb to nearly 160 million guest arrivals in 2018 tells us that the platform companies for short-term rental accommodations are here to stay, yet the revolution in the short-term rental industry has given rise to unintended consequences.

Increasingly, Canadians are concerned about the impacts this has on their community. This week we released the results of a national study that found that more than 60% of Canadians are concerned, or somewhat concerned, about a neighbouring home being regularly rented on a platform like Airbnb. Only 1% believe that Airbnb has a positive impact on their neighbourhood quality of life.

What started as a true home sharing, where the owner is present during the guest stay, has expanded into growing commercial operations. Over the last two years the commercial side of Airbnb's business—those renting multi-unit entire homes—grew by 108%. Entire home rentals as a whole, including multi-listed hosts, generate 83% of Airbnb's revenues.

Clearly these hosts are running a business through Airbnb, yet the federal government doesn't require, nor does Airbnb provide, any tax information slips so that revenues can be tracked and taxes calculated. Online rental platforms operating in Canada do not currently collect or remit GST or HST. They pay no corporate income taxes on their Canadian activity, and they make it far too easy for those renting rooms on their platform to inadvertently do the same.

In 2016, guests of Canada's legitimate hotel properties contributed an estimated $2.2 billion in consumer taxes and fees based on room revenues alone. If the same rates were to be applied to Airbnb's revenue, the sector has the potential to contribute almost $100 million to the Canadian economy.

While many countries have modernized their tax policies in response to the unintended consequences of the 21st-century sharing economy, Canada's federal government has fallen behind.

Our recommendations will ensure tax fairness so that Canada's lodging sector can invest in a market with a level playing field. They allow for the collection of relevant taxes without undue burden on hosts, while ensuring appropriate information sharing with the government. If Canada is to embrace digital technologies, it must modernize its tax policies while ensuring that the sharing economy does not lead to growth in the underground economy.

Secondly, on labour shortages, hotels across Canada continue to face critical labour shortages, both year-round and during peak periods. This shortage will become more acute as the available pool of employees continues to steadily decline. Over the next 17 years, we anticipate a labour shortage of over 10,000 employees. The ability of Canada's hotel industry to promote economic growth and remain competitive will be threatened if this downward trend continues.

Hoteliers are committed to hiring Canadians first, and have gone to great lengths with recruitment efforts. However, we need to do more, particularly when attracting under-represented groups. We recommend that the government develop and implement industry-specific programs to connect Canadian youth and indigenous peoples with vacant jobs in the accommodation sector. We also encourage the government to recognize the seasonal aspect of our industry and develop a program focused on mobility or exchange with suitable foreign countries.

● (1340)

Finally, we were pleased to see funding for Destination Canada set at $95.5 million on an annual basis, as announced in budget 2017. However, for it to remain competitive and attract more visitors, base funding should be supplemented by incremental performance-based annual increases of 10%. This would put Canada at more competitive advantage and ensure that Destination Canada remains innovative and competitive in its approach to marketing performance.

In conclusion, the Government of Canada can encourage investment, growth and employment in the tourism and hospitality sectors while also sustaining the digital economy for short-term rental accommodations by modernizing its tax policies, supporting programs to address critical labour shortages, and providing continued support for tourism marketing funding.

Thank you.

The Chair: Thank you very much, Jonathan.

I'll now turn to the Ontario Federation of Agriculture.

Mr. Currie, welcome.

Mr. Keith Currie (President, Ontario Federation of Agriculture): Thank you, Mr. Chair and ladies and gentlemen of the committee. I am Keith Currie, president of the Ontario Federation of Agriculture.

The Ontario Federation of Agriculture represents the interests of 38,000 Ontario farm family businesses. I'd like to welcome everyone here during our Ontario Agriculture Week.

As part of the agri-food value chain, our farmers are a significant part of Ontario's largest industry, encompassing farm inputs, food and fibre production, food processing and distribution. The government's own 2017 report, "Unleashing the Growth Potential of Key Sectors", which we have come to know as the Barton report, clearly indicated that the agri-food sector is capable of tremendous growth to create jobs and drive the Ontario and Canadian economies.

In our pre-budget submission filed in August of this year, we outlined how the federal government could ensure Canada's competitiveness through prudent investments in rural Canada. We referred to the agri-food sector as our "economic powerhouse". We outlined important recommendations to unleash the growth potential of rural communities through infrastructure investment in natural gas expansion, broadband access and improved transportation infrastructure. We spoke of improving tax and trade competitiveness, and the critical need to address labour shortages in terms of skills and numbers of workers available. This seems to be a recurring theme.

The OFA urges the committee to carefully review and act on those recommendations. However, ladies and gentlemen, I am here today to speak of a fundamental shortcoming in the relationship between the federal government and our farm businesses. This shortcoming will severely dampen the economic potential of our farms and our rural economy. This shortcoming is the apparent refusal of the federal government to protect the real contribution and future potential of the agri-food sector in this country.

This has most recently been manifested in the new USMCA trade deal, in which our dairy, poultry and eggs sector was sacrificed for the sake of a deal. We readily acknowledge how important a new NAFTA is for all sectors that trade within North America, but make no mistake: The constant chipping away at agriculture production will seriously damage the ability of the farm and agri-food sector to thrive in Canada.

What's done is done, I suppose. Now we can only insist that the Government of Canada compensate those farm businesses that will suffer economic loss so that other sectors can survive. For those agri-food sectors relying on North American trade, the USMCA signals a certain level of security in knowing that markets will remain open with our two important trading partners. However, for livestock and grains, the quality of those markets has been severely shaken by the United States-led tariff war. The USMCA is critical, because the North American markets for grains and livestock are completely integrated across these three partners. For that reason, when the U.S. engages in tariff wars that depress its own market prices, Canadian farmers suffer equally.

The damage to farmers has been recognized as the need for a $12-billion level of support for American farmers. Even so, it is said to be not nearly enough to compensate for the damage done. Yet in Canada, our federal minister says that the current risk management programs are adequate to overcome this unprecedented and devastating market interruption.

Ladies and gentlemen, this is simply not the case. I am here today to tell you that Canadian farmers and our agri-food system can drive our economy to new heights while providing safe and affordable food to Canadians, but we cannot do this without our federal government stepping up to help us overcome serious market damage caused by political whim and bluster. If Canada cannot negotiate an end to this damaging tariff war—and we believe we cannot—then Canada needs to step up and match the support our competitors are receiving so that we can survive long enough to create jobs and grow the economy once markets return to normal.

We do thank the committee for their time and consideration.

● (1345)

The Chair: Thank you very much, Keith.

Next we have the Ontario Real Estate Association.

Mr. Hudak, welcome.

Mr. Tim Hudak (Chief Executive Officer, Ontario Real Estate Association): Thank you, Chair Easter, Vice-Chair Julian, and members of the standing committee.

My name is Tim Hudak, CEO for the Ontario realtors association. We represent 70,000 realtors in the province of Ontario. Importantly, for the committee's interest, they're women and men across our province who work hard every day to help people achieve the Canadian dream of home ownership. I think all of you, as successful, hard-working MPs, see what our members see in communities each and every day, that the pride of home ownership is one of the most deeply held Canadian values. It binds us as a country. It's a non-partisan issue. It unites every region represented at the table here today, and every generation and every group in this great country.

For decades, rising home ownership provided evidence that we were a growing, confident and prosperous country. We all come from families where, I hope, the next generation would always do better than the one that preceded it. We would have better lives than our parents did. We'd have a greater chance of owning a home—until, sadly, now. Believe it or not, in 2016, for the first time in Canada's history, the rate of home ownership actually declined. It went down to 67.8% across Canada, from 69% five years before.

That has never happened before. It has been a great Canadian story that every year that percentage would go up. There's every indication out there that it's not a one-time blip. Unless we do something differently, falling home ownership will become the new normal in Canada.

It will be no surprise to members around the table from London or Vaughan or Aurora that in Ontario, 81% of people agree that a home is harder to get for young people than it used to be. Millennials are far less likely to own a home at the age of 30 than their parents were. Think about that. This is not just a cyclical change. This isn't a blip. As a matter of fact, this isn't from the economy, because we're now almost a decade into economic recovery. We're in a period of long and low mortgage rates. We've never seen mortgage rates like the ones we've had over the last number of years. But despite the strong economy and low mortgage rates—think about it—home ownership is in decline.

A good question to ask ourselves is, when did we ever have that debate? When did you, as elected officials, ever decide that a good public policy would be to lower home ownership? The folks you represent across this great country were never engaged in that kind of debate, because you know what they'd say: They believe in that Canadian dream, and they want their kids to do better than they did.

Here's a suggestion for the upcoming budget. Set a bold goal that we can reverse this unprecedented decline, that we'll get home ownership back over 70% by 2021, and then aim beyond that, for 75%. Of course, bold action is required to get to this bold objective, but you have that action in your grasp.

The first thing I'd suggest is that we address policy measures that are making home ownership harder in Canada today. Tougher mortgage stress tests have had a dramatic negative effect on Ontario homebuyers. They reduce the purchasing power by 20¢ on every dollar. These stress tests, quite frankly, are just too blunt an instrument. There are many good options to explore when it comes to mortgage rules as well, such as preventing even further damage from the stress tests when interest rates rise, ensuring people can choose among lenders when they renew their mortgages, and the flexibility for things like 30-year amortization periods.

At the same time, policy measures that enable home ownership get eaten away by inflation, such as the $1-million cap on insured mortgages and the $25,000 limit on what we can dip into in our RRSP funds for first-time homebuyers. The problem is that over a generation, those things take hold. They erode purchasing power and move home ownership further away.

Second, you can make a big impact when it comes to increasing housing supply. In the greater Toronto and Hamilton areas, the number of homes built declined by 50% between 2002 and 2016. I commend Minister Morneau for setting up his task force on the provinces and the big cities to look at options. The federal government is the largest landowner in Canada, and having policy tools like infrastructure funds can motivate provinces and cities to bring more land into home supply and home ownership.

One of the quickest actions you can take is to help families actually own a home. Get taxes down...including the first-time homebuyers' credit at the national level. That can make a big difference.

● (1350)

I know by your actions in your ridings and in Parliament that you want to see this turn around. You want to see home ownership rise again. The next federal budget can set that bold objective: reverse the decline, aim for 70% by 2021, and then a bolder term of 75% beyond that.

I thank the members of the committee for their time.

The Chair: Thanks very much, Tim.

We'll start with the seven-minute rounds.

Mr. Sorbara, go ahead.

Mr. Francesco Sorbara: Thank you, Chair.

Thank you, everyone.

I'm going to get right to this.

Mr. Hudak, welcome.

Affordability has been in the news. We know that, with regard to the housing market, there are three, sometimes four, levels of government that we need to deal with. Our government, and even our predecessor government, took a number of macroprudential measures to ensure that the quality of debt households were taking on to buy their first home was good, that the scores underlying FICO credit scores were good, and that we had a strong and stable housing market.

As you know, zoning is approved by the regions and the municipalities, and obviously they are creatures of the province, as we well know, notwithstanding anything—no pun intended. At the federal level, could you think of three measures that would have an impact on housing affordability and allowing middle-class Canadians to purchase their first home?

Mr. Tim Hudak: Thank you.

I want to commend Mr. Sorbara, as well. I know you started a housing caucus—

Mr. Francesco Sorbara: Yes.

Mr. Tim Hudak: —which I think is a tremendous step. No doubt, representing the Vaughn-King area, you hear about this all the time.

To answer the question, I think there are three categories here. The number one category was to try to move the pendulum back. There have been a significant number of measures taken at the national level. I get that the purpose is trying to ease up demand in the housing market and make sure that you have sustainable and responsible borrowing, but I'd argue that the pendulum has swung too far.

I'd say, look at easing up. The dynamic nature of the stress test has become too cruel and blunt an instrument, especially because the mortgage rates are increasing. I would look at restoring the 30-year amortization rate for insured borrowers, as well, which was taken away. People usually get that when they're starting out in their career. They're going to climb the ladder, and they're going to put money away. It's an achievable way to get home ownership.

The third area I think you should look at is the caps that you currently have on RRSP deductions. When it comes to the cap on housing, I know that a $1-million home sounds like a lot, but as you know, in York region, the city of Toronto and Vancouver, it's a middle-class entry-level home.

● (1355)

Mr. Francesco Sorbara: Yes, that is a middle-class home.

Thank you, Mr. Hudak.

I want to move on to the Hotel Association. Welcome. It's great to have you here. I just want to focus on one aspect of your report, and that's labour.

In York region, I hear all the time from manufacturing companies, from logistics companies, across the board that they are having difficulty finding labour for semi-skilled to skilled jobs. What's the need today? More importantly, going forward, what are we short?

Mr. Jonathan Lund: I think in our submission here we talked about 10,000 jobs. That would be the number I'd give you.

In regard to the shortage, you'd immediately think of seasonal work at high-volume tourist operations like Banff Springs and those kinds of places, but the reality is that there's a general shortage across the country and in all sectors of our business. This is a current issue. It's a current issue for sustaining the growth in tourism that we're seeing today, which as you know is having a tremendous year, with Chinese and Mexican tourism growing.

We need some help getting entry-level people into the hotels. If there are some ways to encourage more employment, certainly out of Canadians first, but also to attract other people from offshore—

Mr. Francesco Sorbara: I would argue that if we have a labour shortage, we have to deal with it. If we need to bring in temporary foreign workers, obviously having a path for them to become permanent residents is very important.

I'll stop you there and move on to CVMA.

Mark, it's great to see you. The Prime Minister is in Windsor today at the FCA factory, and we just had a revised NAFTA put in place. What are we calling it? YMCA is the term that comes to me all the time. But we have some insurance. Section 232 is basically gone. How important is it for investment certainty that we removed the NAFTA question?

Mr. Mark Nantais: Mr. Sorbara, that question is one that everybody has asked me. Our industry, or any other industy that's capital-intensive, needs certainty. Did we get a perfect deal? No, but we got a deal that gives us the certainty we need to ensure that the decisions for new investment can now be made. It doesn't guarantee those new investments, but at least the certainty is there for the decision-makers to move ahead with their evaluations.

Mr. Francesco Sorbara: In my neck of the woods, in the York region, we have two of the three largest auto part suppliers in Canada —Martinrea and Magna. Magna is probably the largest in the world or close to it, if I'm not mistaken. So that's wonderful news. We haven't gotten a new plant or a new mandate. What will it take for us to get a new mandate?

Mr. Mark Nantais: It's going to take more than just a free trade agreement. We continue to face competitiveness headwinds. Canada is one of the highest-cost jurisdictions in which to manufacture, so the question becomes how we can reduce our cost structures. For instance, the electricity rates in Ontario are two to three times higher than those in our competing jurisdictions in the United States. We have other costs. Potentially we will have costs for carbon pricing, which is why I make the recommendation that we must have a revenue-neutral approach. Otherwise it's seen as another tax, and that does not sit well with decision-makers for new investment. It's a tax we would pay that our competing jurisdictions don't have.

These are all things now that we have to coordinate. We have to move forward with them in a holistic fashion and determine how we can make a better business environment here and lower our costs to attract the new investment. That whole issue is not static. Other jurisdictions continue to re-evaluate their position in terms of competitiveness and support.

Mr. Francesco Sorbara: We're done.

The Chair: Mr. Kelly, go ahead.

Mr. Pat Kelly: Thank you.

Mr. Hudak, thank you for raising the issue of the sudden and quite marked reduction in the rate of home ownership that has taken place in the last couple of years in Canada. I think a lot of Canadians are quite alarmed about the barriers to home ownership now, having gone through generations in which there was an expectation that if one worked hard and was successful in the employment market, one could own a home in which to raise a family.

You identified the imposition of the mortgage stress test, which, as this committee has heard in earlier meetings from leaders in the mortgage industry, was imposed without any consultation with the mortgage industry whatsoever.

This committee has debated on more than one occasion motions put before it to hold a study on the effect of the mortgage stress test. Would you recommend that this committee study the mortgage stress test and its effect on the housing market?

● (1400)

Mr. Tim Hudak: Absolutely, and I would recommend that it happen relatively soon. Interest rates are likely to go up, as you know, in the next while. Every time mortgage rates go up by one per cent, you add two more points on top of that. That makes home ownership harder and harder to achieve. I know your colleague from Calgary Shepard, Mr. Kmiec, brought forward a motion. We would fully support that.

Mr. Pat Kelly: I support Mr. Kmiec, too, in his effort to get this committee to study the stress test.

It's rising interest rates that the stress test is designed to mitigate against. Now that rates are rising, does the argument for the stress test itself carry less weight?

Mr. Tim Hudak: The stress test actually becomes more cruel as interest rates increase. That's another 200 points on top of that. That makes the option to get into home ownership for millennials, for new Canadians or for entrepreneurs even more difficult to achieve. We understand it had a purpose from the beginning, but now when we see that home ownership is declining despite economic expansion and despite low mortgage rates, that should be an alarm bell. If the stress test continues to rise with mortgage rates at 200 points, that's going to strangle housing growth in our country.

Mr. Pat Kelly: I understand that you're here on behalf of the Ontario Real Estate Association. I recently participated in a real estate round table in Calgary, at which Calgary-based realtors talked about some real challenges in the market there. The stress test was among many factors discussed there. It raises the question of the efficacy of many of the decisions this government has made in housing, when you look at different markets across Canada. Even within Ontario, there must surely be quite a bit of variation from one market to another in the needs of local markets.

Do you think the one-size-fits-all approach is appropriate for an industry like real estate, which is really a series of local markets with different conditions?

Mr. Tim Hudak: Again, there's a problem. There is no Canadian housing market per se. We're a series of regions.

I understand why governments went down this path. In 2017, you had rapidly accelerating housing prices in the greater Toronto-Hamilton area and in Vancouver in the Lower Mainland, so I get that. The problem is that areas like Calgary, London and Nova Scotia get side-swiped by measures that were meant for the Toronto and Vancouver markets. From our point of view at the Ontario Real Estate Association, the pendulum has swung too far. We need to move it back. We've laid some ideas on the table.

I would also recommend to the committee.... I mentioned Finance Minister Morneau's committee. Almost every federal budget, as well as the provincial ones, usually includes infrastructure funds. It would be great if the finance committee were to recommend that those infrastructure funds reward municipalities and provinces that are bringing new housing supply. The ultimate solution here is going to be around increasing housing supply and choice in the marketplace.

Mr. Pat Kelly: I have a couple of minutes left. I'm going to put a question to Mr. Nantais.

You spoke of the need to ensure that the carbon tax not harm your industry. If I understood your presentation correctly, you talked about seeing the funds returned to the paying industry. I'm not even sure how that would work, but it raises a question: If we carve out all the different industries—many of whom have already come to this committee or requested exemptions because of their special needs, whether it's because they're energy-intensive or for competitive reasons—what behaviour will this tax ever affect? What good will it ever do if we carve everybody out from it?

Would we not be better off just to repeal and get rid of this tax, and look at different strategies or ways to address climate change?

● (1405)

Mr. Mark Nantais: Looking at a different strategy is an option.

I want to be absolutely clear here. Our industry is not looking for an exemption at all. In fact, we want to be part of this process, what we call the output-based pricing system, because like every other industry that falls into this category in provinces across the country, we need to be able to restore the revenues we pay into the system so that we can reinvest in our plants. Whether it's the auto industry or any other manufacturing industry, you have to be able to restore and invest in your plant to continue to make it competitive. Otherwise, it's just another tax, and it's a tax that competing plants in other jurisdictions don't have to pay, which means we're at a competitive disadvantage.

We want to work with the government on a process here that would be fair and effective in terms of its objectives to reduce greenhouse gas emissions but would still enable our industry and any other industry involved here—whether it's oil, chemical or whatever—to be sustainable in Canada and able to function under that regime.

The Chair: Thank you, all.

Mr. Julian, go ahead.

Mr. Peter Julian: Thank you very much, Mr. Chair.

Thanks to all the witnesses. I wish I could ask you all questions, but I have limited time.

I have a quick comment for Mr. Nantais. I drive a Ford Edge made by Unifor workers in Oakville, Ontario. Your association should actually be asking parliamentarians, "What do you drive? Do you drive a Canadian-made vehicle, or do you drive an import?" That would be a very interesting exercise.

Mr. Greg Fergus: I take the bus.

Mr. Peter Julian: Some of us take the bus, and if it's made by New Flyer Industries in Winnipeg or north of Montreal, that would be fine.

I want to address my first question to Mr. O'Hara, Mr. Lucas and Mr. Rewak.

Thank you, sirs, for being here today. As you know, the last budget imposed a tax on medication. I brought forward an amendment to this committee, but it was not passed. I'd be interested in knowing and having the finance committee hear what the impacts have been of not accepting that amendment to the budget, and as a result imposing a tax on medication that people need.

I've heard anecdotal stories of people having to choose between a medication that controls their pain and rent, or between their medication and food. We're going into a Canadian winter, which means some Canadians will have to choose either controlling their pain or suffering and paying their heating bills. What are the implications of not having that amendment adopted, and what has been the result or the consequence?

Mr. James O'Hara: The implications have been profound, frankly, from the get-go, and they continue to be a significant challenge. You're absolutely right.

We hear from patients constantly, day in and day out, about the different challenges they face. Not only are they facing the economic challenges you mentioned in terms of having to choose between food and other things in order to live; they are constantly battling against pharmaceutical drugs being offered to them at a lower cost, which they know may not necessarily be good for them or may take them down a very dangerous path. The number one threat of that is the opioids. Quite often, they are in an unfortunate position where they have to choose to pay either for medical cannabis—which is costly for them to fund, obviously, but significantly more so when it comes to the tax part of it—or for opioids, which are quite often covered under various drug plans. That is definitely a constant worry.

I want to add that there is one thing we often see that is going to get us. In this case, what I am seeing is a very disturbing trend that I don't think we have a very good handle on. There is a demographic tsunami coming at us. When I say "tsunami", I mean that. It's out there. We know it's there, but it hasn't quite hit us yet. That is in the form of older Canadians. Older Canadians obviously consume medication at a much higher rate than younger folks, and they're really seeing the impact there. They are having to make very distinct and very difficult choices. That is happening on a much more regular basis. As Canadians age, and this is obviously happening at a relatively fast rate, that is a big issue that we're going to have to face. It's very important that we respond to this issue now in order to prevent a bigger issue down the road.

● (1410)

Mr. Peter Julian: Thank you.

Go ahead, Mr. Lucas, briefly.

Mr. Philippe Lucas (Vice-Chair, Cannabis Council of Canada): Thank you. I'm currently a researcher at Tilray. I'm VP of global patient research and access at Tilray. I'm also a graduate researcher with the Canadian Institute for Substance Use Research. The focus of my research is the impact of cannabis on the use of prescription and other drugs.

The challenge that patients are facing right now is that an excise tax is typically applied on something that has social costs, to mitigate these costs. With medical cannabis, it has become overwhelmingly clear that those patients benefit from the use of medical cannabis and in fact reduce the social cost, because they're using fewer prescription drugs. Also, the data is very clear that they use less alcohol, tobacco and other substances as well.

In fact, I'm the primary investigator on the largest national longitudinal tracking of medical cannabis patients today. It's taking place in 20 centres. We're tracking 1,900 patients over a 12-month period. From baseline to six months, we see a 74% reduction in the actual milligrams per day of opioids being used by those patients. So, it's clearly having a positive impact on our opioid crisis that medical cannabis is being offered to this.

More to the point, this government's policy has been to normalize medical cannabis, to treat it like all other medicines, and that suggests to me that obviously it should be zero-rated in terms of removing this pending excise tax, which, by the way, in some cases, in some provinces, including Ontario, would mean that over 30% of the cost of medical cannabis will be taxation. This is not a small impact. It's not just the 10% as suggested through the excise tax. Once you add the provincial tax and then the sales tax, it ends up being over 30% of the cost. Therefore, it's going to seriously impede the ability of patients like Sarah and others to use the small amount of pocket change they have to spend on medicine, food, or anything else, to cover the cost of medical cannabis.

Certainly, common sense and compassion suggest that we need to remove this excise tax and all other taxes on medical cannabis.

Mr. Peter Julian: Thank you very much. I'm going to move on to Mr. Lund and Ms. Baker.

You talked about the impact of the big web giants, Airbnb and Expedia. There are massive amounts of revenue, and they are not paying any of the taxes or supports that we need in this country. As part of the study, we're supposed to be looking at the competitiveness of Canada. Are we not undermining our own competitiveness, within your industry and your members, by allowing these big web giants to walk in unimpeded and basically suck money out of Canada without making the contributions they should be making to preserving infrastructure and providing investment?

Mr. Jonathan Lund: Thank you, Mr. Julian.

Through the chair, I'll just make a quick comment, and then I'll hand it over to Alana.

As for Airbnb and these sharing platforms, we're not opposed to the growth of those or the success of those. What we want is some tax fairness. We think the hotel business is being unfairly treated in this manner by encouraging, with no tax, these platforms that are allowed to operate. That's primarily our concern here. We all pay taxes, but they don't, and we think that's not right. That's encouraging an underground economy basically. If you look at the potential revenue stream of $100 million—and I could say that would be growing incrementally—we think that's not right.

Alana.

Ms. Alana Baker (Director of Government Relations, Hotel Association of Canada): Thank you, Jonathan.

I would just add something quickly. The committee has asked what measures they can take to ensure competitiveness. I think the answer is fairly simple: ensure tax fairness so that Canada's lodging sector and those traditional accommodation businesses that are good corporate citizens, which are paying their taxes and playing by the rules, can compete on a fair and level playing field. What we're dealing with here are digital, online, foreign-owned platforms. They're not required to pay those taxes like the traditional bricks-and-mortar businesses do, and it's really just a matter of fairness.

● (1415)

The Chair: Thank you, all.

Mr. Fergus.

[*Translation*]

Mr. Greg Fergus: Thank you, Mr. Chair.

My first question is for Mr. Hudak.

Mr. Hudak, thank you very much for your presentation today. I think the points you have raised are important. You suggested that a target of about 70% home ownership by 2021, and then 75% be set. In your opinion, what is the desirable rate of home ownership in Canada?

[*English*]

Mr. Tim Hudak: Thank you very much, Mr. Fergus.

I apologize for my lack of French.

To your question about home ownership rates and what would be ideal, it's higher. Higher is better. I'm just somebody who, in my current public life, and now as CEO of the Ontario Real Estate Association, believes in setting goals. If you don't set a goal, if you don't measure, you're just practising.

What seems reasonable is that 70% because we were on the cusp of that only a couple of years ago, and then 75%. If we get to 75%, I would be happy.

[*Translation*]

Mr. Greg Fergus: Yet Canada is the industrialized country with the highest home ownership rate. Why do you want an even higher rate? Is it evidence-based, or is it your instinct telling you that Canada deserves a rate of 80% or even 100%? Is that even desirable?

[*English*]

Mr. Tim Hudak: It's pretty sweet for my members.

To the question about how high do you want to go, we are always on an upward trend, that's the great part of our story, and 70%, and then to 75%, seems like a reasonable goal to achieve. You're right, our home ownership rates are higher than the Americans. There are a number of European and Asian jurisdictions where home ownership rates are higher. I just believe fundamentally that homeowners make for stronger communities. There is a stream of evidence that homeowners' children, all else constant, tend to do better in school, tend to do better in the workplace. I know as a man, I changed when I owned my first home. I cared more about my neighbour, I got more involved in the community and volunteering. I think 75% would strengthen Canada, but it also seems it's reasonable, considering the upward trend that we are on.

[*Translation*]

Mr. Greg Fergus: I come from a province where the enthusiasm for home ownership is not the same. Our rate is well below the national average, but it seems to be working quite well. I know that, compared to other generations, newcomers and millennials are less and less interested in home ownership. There you go. Thank you.

I would like to ask Mr. O'Hara a question, and perhaps Mr. Lucas can also answer it, since he provided some figures. Are we in a transition period? You are saying that access is important for people who need cannabis for medical purposes. I agree with that. However, why don't those people, who already had the right to use cannabis for medical purposes when there was no legal framework, consult their doctor to get a prescription?

Mr. Philippe Lucas: Are you asking me why they do not talk to their doctors to—

Mr. Greg Fergus: Why do they not ask for a prescription that allows them to use cannabis, which is now a drug that comes with a drug identification number?

[*English*]

Mr. Philippe Lucas: I'm going to answer the question in English. I can answer it in French as well.

Patients, we hope, will continue to have that relationship with their physicians. We're concerned that this relationship will break down if they're having to pay additional taxes, and if there's no difference between what they're paying to get it from a pharmacy or from a licensed producer than getting it from a corner store. I think they really benefit from that engagement with their physician.

At Tilray, we have 150 pediatric patients. A lot of these patients suffer from seizure disorder, in some cases with over 100 seizures a day. I would never want to tell one of those families to go down to the corner store or to the LCBO equivalent to pick up their medicine. It's just not going to be the same experience as going through their physician to be able to get medical cannabis.

At the same time, what we're about to do is charge that same family the same price, the same taxation rate, for their medical cannabis to stop seizure disorder as we're going to charge a 25-year-old going into the store to pick up a few grams for the weekend, and that's the problem. We're not recognizing this medical need. We're not recognizing the financial challenges that come when they're accessing a medicine that isn't covered by our provincial registries right now, and ultimately that means we're going to have worse public health and personal health outcomes.

That is really my main concern.

● (1420)

[*Translation*]

Mr. Greg Fergus: Mr. Lucas, I do not want to give you the impression that I am against cannabis use. I am not, far from it. If some people want to, why not? It has been quite common for a long time.

Some people previously had access to cannabis when there was no legal framework. Now such a framework exists. Some people have prescriptions from their doctors, as, in the doctors' opinion, it is important that they take cannabis for their pain. In cases like that, it is quite normal that those consumers would not pay the excise tax. However, people who use cannabis recreationally should pay that tax, in the same way as they do for alcohol or cigarettes. That is normal.

I do not understand why you are opposed to people who used to get cannabis outside the legal framework now being in the system.

Mr. Philippe Lucas: It is not a problem for me.

[*English*]

We're not opposed in any way to taxation of recreational cannabis. We think it's completely appropriate that there be some taxation for recreational—

[*Translation*]

Mr. Greg Fergus: Okay. Why would those people not sign up officially? Then they would be able to get their cannabis without having to pay excise tax.

Mr. Philippe Lucas: Although you may not think so, they are going to have to pay the tax. With the way the act is written, they are going to pay all the same taxes paid by those who use cannabis recreationally.

Mr. Greg Fergus: I think I understand that people with prescriptions will not pay the excise tax on the cannabis-based products that have a drug identification number, a DIN.

Mr. Philippe Lucas: They will be paying it, because all cannabis-based medications in Canada are taxed in the same way as recreational cannabis. Please forgive me if we have not been clear on that. Under the new Cannabis Act, the taxation for recreational cannabis and medical cannabis is identical.

Mr. Greg Fergus: Excluding cannabis-based products with a DIN.

Mr. Philippe Lucas: The problem is that getting a DIN for those products will take four or five years. As we speak, 300,000 Canadians use medical cannabis and they are going to be paying the same taxes as those using it recreationally on the weekends. That is what is unfair.

Mr. Greg Fergus: At some stage—

[*English*]

The Chair: Are you clear? You are way over time, but are you clear on the policy? As long as you're clear we're all right.

[*Translation*]

Mr. Greg Fergus: That is clear, but—

[*English*]

The Chair: Before I go to Leona, I do want to go to Mr. Currie.

One of the things that not a whole lot of people recognize is that President Trump's trade actions probably are going to be more harmful to Canadian farmers than they are to American farmers. Trump has put in a $12-billion emergency fund to assist those who were impacted by lower prices as a result of his trade action. The problem that most Canadians don't realize is that, even though we may be able to fill the market that's been left open as a result of a country not buying American product, our prices are based on American prices, Chicago Mercantile or whatever.

Could you give us some information on how our safety net so-called, risk management programs, would work, and if they are adequate to fill what really is almost the same as a disaster? Hog prices have just gone through the floor.

● (1425)

Mr. Keith Currie: You're absolutely correct. Thank you for raising this. It's been interesting listening to the conversation.

Outside of yourself, we're looking at urban representation around the table and not having a reason to understand the world that I live in and the world that I represent, which is the largest industry in the country with one in seven jobs involved.

Our pork producers are losing $50 a head. Our cattle producers are losing $100 a head. Our soybean markets are depressed because of a tariff war between China and the U.S., and that's through no fault of our producers.

You mentioned the business risk management programs, and essentially they are not working now, prior to any agreement being made. We've been trying to work with the federal Minister of Agriculture and his staff to revamp those business risk management programs because they are not adequately supporting and servicing the farmers in Canada today. They will even less adequately support our farmers with respect to any losses that come out of either the trade deal or the tariff war that's suppressing markets, as you mentioned in your comment.

We need to figure out some way to better change those programs to better reflect the needs of Canadian farmers. We need to find out what kind of compensation may be available, or should be available, for supply-managed sectors in this country. It's big.

I'm happy that my friend, Mr. Hudak, brought up the housing issue, because there is a world beyond urban Canada and we've been touting for years the economic development aspect of what rural Canada can bring.

All we need is that key infrastructure support to get things going. Our transit system is roads and bridges. We don't have subways, streetcars or buses. We need that key transportation infrastructure money. We need rural natural gas expansion, particularly here in Ontario where we are vastly underserved, but also throughout the country. We want broadband treated much like electrification was in the 1930s—as an essential service—because we have families going to Tim Hortons and McDonald's at night, taking their kids to complete their homework because it's their only option for broadband, and that's just wrong.

Our businesses are competitive, but what we're looking for are clients of Mr. Hudak's organization to be coming into rural Ontario to buy affordable housing at a much lower rate, where they can bring their high-skill jobs. I need them to have those businesses to support my business. It's not just about on the farm, although we do need workers on the farm. I need all the support systems out there. We are in a high-tech industry. We have a lot of precision technology and we don't have the support staff or support service industries for it.

We are getting that double whammy of a lack of investment. The 2017 federal budget was great for announcing long-term infrastructure spending in rural Canada. Since that time we've had nothing but infrastructure spending in urban Canada. We're standing there thinking, come on, guys, one in seven jobs in this country is agriculture-related.

As important as our auto industry is, that's 140,000 niche jobs—correct me if I'm wrong—and just in Ontario alone we have 830,000 jobs in the agri-food industry. There are 220,000 jobs just in the dairy industry in Canada—about double the size of the auto industry—but we always have to give. We are always sacrificed. It's probably because we're resilient and we just carry on anyway, but it gets a little discouraging.

Give us the support tools that we need, and we will grow this economy and make it strong and vibrant. For those of you who are worried about recessions, look to agriculture because we're recession-proof. We just continue to grow each and every year. Despite what goes on in the rest of the industries around the world, agriculture is always there.

Thank you, Mr. Chair.

The Chair: Thank you.

Ms. Alleslev, go ahead for seven minutes.

Ms. Leona Alleslev: I am not from a rural riding, but it doesn't mean that I don't have constituents who benefit from the agriculture sector and who are concerned. I have had a number of emails asking me about the impact of this new agreement on food prices and all that kind of stuff.

I'm wondering if you could give us your best guess—I know you probably haven't had a chance to really look at it—as to what kind of impact this is really going to have on everyday Canadians in terms of the agriculture sector.

● (1430)

Mr. Keith Currie: In the short term we're not going to see much. The greatest impact initially is on the supply-managed sector. Essentially what this deal has done—

Ms. Leona Alleslev: That's dairy, eggs and a whole bunch of things.

Mr. Keith Currie: It's feathers and dairy, yes.

Essentially, when you combine this with CETA and CPTPP, we're looking at between 10% and 11% increased market access. Those agreements have happened in the last three years. What that means is not so much that people are going to lose quota necessarily or that they're going to lose price on what they're selling their product for, but that it's going to stymie their business growth going forward. That growth is going to be filled by the imports coming in.

It's pretty unfair to ask businesses just to stay stagnant. That's where it's troubling. On top of that is the investment, because if you look at this area we're sitting in right now, in the GTHA, there are some 500,000 processing jobs. That's further value added. That's where the stymie is going to be when you combine the increased market access coming in, which will primarily be going to processed foods, and the potential lingering import tariffs on aluminum and steel. Companies are now putting the brakes on investment in processing facilities, which is what we desperately need behind the farm gate in order to be healthy as well. We need those further value-added jobs.

We need to figure out how to alleviate that. We need better border control and identification of products. For example, there's a tremendous amount of spent fowl coming in. Spent fowl, for those of you who don't know, is what happens to layer chickens after their laying life is over. They turn into spent fowl, which typically goes into soup, etc. They're being packaged as meat you buy in McDonald's and in restaurants and everywhere else. They aren't being verified properly at the border. Those kinds of things need to have some control on them as well.

Ms. Leona Alleslev: Do we need additional, not federal regulation, but policing or execution implementation of regulations?

Mr. Keith Currie: CFIA could use a boost in budget for sure to help alleviate that.

Ms. Leona Alleslev: All right.

On compensation versus the loss in revenue that you're forecasting, do you have a gut feeling? Could you make a comment on whether that's going to be adequate or not?

Mr. Keith Currie: I don't think it's ever going to be adequate to be compensated for losing market share and potentially having your business stymied. It has to be fair to all people including the taxpayers of this country. We're certainly cognizant of that. This loss we're going to be experiencing isn't just a one-time thing. It's going to be a long-term thing, because the access that's being granted is going to happen gradually over the next 10 years. The compensation needs to reflect that and be gradual over the next 10 years as well.

Ms. Leona Alleslev: Perfect.

Thank you very much.

Mr. Hudak, would you have any insight into one of the contributing factors for the decline being the potential foreign investment and some of the concerns about the shadiness, perhaps, of foreign investment in the housing market? As we know, FINTRAC has provided over 2,000 documented incidents of actionable money laundering, largely around the real estate industry.

Would you say that is a contributing factor to houses not being affordable and therefore to the decline in the housing uptake rate?

Mr. Tim Hudak: The direct answer on that is no. I think it's exaggerated. I think that the degree...which the media liked to cover, saying it was all foreign buyers who are driving things up, was greatly exaggerated in numbers. Since then the Province of Ontario study put it at around 3% or 4% of the market.

I do take your point though, that the federal government should focus on those who are avoiding taxes and not paying when they transfer ownership or sell ownership, who have residences outside of Canada. It's important. It levels the playing field with Canadians.

With regard to FINTRAC, my federal colleague Michael Bourque at CREA could probably give a better answer on that. My members would say—they would be mad at me if I didn't speak up— the paperwork burden on that is tremendous. It might be better if it were targeted at high-risk areas than on every transaction.

Ms. Leona Alleslev: Perfect.

Do we have a mechanism for tracking vacancy rates? A lot of homes have been purchased, certainly in the Aurora area, that remain vacant. Of course the impact on the economy is significant, because houses are assets, and they generate revenue when there are kids who go to school, people who buy groceries, etc.

It also takes away from the supply. You mentioned needing to have more homes built. Do you have a feel for how many homes we have that are just being held vacant? Do we need a mechanism to address that and therefore give people the opportunity to purchase homes they can live in?

● (1435)

Mr. Tim Hudak: I appreciate the enthusiasm for that, too, because I guess Aurora—Oak Ridges—Richmond Hill would have been the epicentre for rapidly increasing housing prices. Good for you for advocating for your constituents, whose sons and daughters have gone to school and gotten jobs but can't find places of their own. I get it.

The fair housing plan in Ontario, introduced by the previous provincial government, allowed the City of Toronto to apply a vacancy tax and assess vacancy rates. Other municipalities could get that by request and the province would have to grant it, so the tool exists.

It has not advanced in the city of Toronto, because it's complicated. We have snowbirds who go away for six months of the year. How do you know if a home is vacant? The implementation is not as easy as it may seem. You could certainly work with a hydro provider or a local utility—water, for example—to see if it's being used and the people are just away a bit.

Ultimately, though, I want to stress for all members of the committee that the supply issue is everywhere. We do not have enough homes being built, whether it's detached homes, condos, or the missing middle in between, which would be a solution in the cities close to Toronto and in the city of Toronto.

If we don't address the supply issue, it doesn't matter how much you tinker around with taxes to punish homeowners. We need to fix the supply issue fast.

The Chair: Thank you all.

Mr. Fragiskatos.

Mr. Peter Fragiskatos: Thank you, Mr. Chair. Thank you to the witnesses.

Mr. Nantais, I wanted to ask you about your thoughts on the USMCA. As you well know, under the terms of the revised NAFTA, cars will be traded tariff-free as long as 40% to 45% of the automobile is made by workers making a minimum of $16 an hour. It's tremendously important and offers a huge boost to the Canadian economy and the automotive sector in particular.

We as a committee are studying competitiveness. Competitiveness and economic prosperity for individuals and for communities go hand in hand. I wonder if you can tell us, in your opinion, what this means for current workers and for the prospects of car plants attracting future workers.

Mr. Mark Nantais: For assembly jobs, there's probably no impact, actually. However, probably within the supply chain there are companies that may have paid less than that. If they want to be contractors or suppliers to us, those companies will have to make some adjustments.

The biggest change will be in Mexico. Mexico, like every other jurisdiction or trade bloc that has automotive as a cornerstone, has a low-cost jurisdiction, so it will actually raise the cost somewhat in our supply chain.

Will that help with our competitiveness? Not when you look at some other jurisdictions, like under CPTPP, where Japan still has access to low-cost jurisdictions. That particular provision may or may not provide some benefit to us.

Mr. Peter Fragiskatos: I have only five minutes, so I want to shift to the Hotel Association of Canada.

Mr. Lund, right at the end of your presentation you advocated for greater funds for tourism marketing purposes, which I sympathize with. However, there's only so much that can be spent in a budget. The Government of Canada has invested heavily, as you know, in attracting tourism to Canada, and we've had record numbers of tourists visiting the country. It's been a real success in recent years.

On your end, can you tell us what the Hotel Association's views are on things like a municipal accommodation tax? I'll tell you why I'm asking in a moment, but are you generally in favour of communities adopting this uniformly?

Mr. Jonathan Lund: Each community makes its own decision on that. I'm not sure. I can defer to Alana from the Hotel Association to see if we actually have a national position on that, but it's really a local issue. It certainly serves a purpose. It allows a fund to be generated that can support more local regional initiatives. But when you're talking about the national issues and the growing accommodation sector because of the international tourism, that is what's really driving our success and that's where the growth is coming. That's where we need to spend our money to continue to see the growth.

As this grows, I think we're looking for an incremental increase to accommodate that.

● (1440)

Mr. Peter Fragiskatos: I'm asking because I'm a member of Parliament, as I said at the outset, from London, Ontario. Recently, the tourism association of our city, Tourism London, under the leadership of John Winston, has put forward with the city council a provision now that's being introduced by hotels this month. A 4% levy is charged on hotel rooms. About $2 million to $4 million is expected to be generated on an annual basis. Half of that money will be used by Tourism London to promote visitors coming to London. The other half will be used by the city to improve city facilities that visitors use.

I think if we're going to talk about boosting tourism in communities, something like a municipal accommodation tax ought to be pursued. I know you're looking for money from the Government of Canada, but I would ask you to look at advocating for this and having a position on this as an association.

With all due respect, Toronto has this tax...Ottawa, Sault Ste. Marie...hotels in St. Catharines, Hamilton and Niagara Falls. It's a great way to market communities. The Government of Canada wants to assist, but all our ships have to be sailing in the right direction, in the same direction.

Mr. Jonathan Lund: Thank you.

I would comment that these are our members, actually, that are supporting that. All brands have hotels in that market and they are actually part of that decision. We'd support that. I'm just not sure if there is a position from the Hotel Association of Canada.

Ms. Alana Baker: No.

The Chair: I have another question on that, on the municipal accommodation tax. Do the Airbnb pay it?

Mr. Jonathan Lund: No, they wouldn't pay. There is no mechanism to collect that fee. To my knowledge, I don't believe they pay into any initiatives in their communities.

Ms. Alana Baker : Maybe I can add because that's actually where I was going to link the municipal accommodation taxes to the short-term rental market.

Further to what you said, Jonathan, there are agreements that have been formed between some municipalities and Airbnb. For example, Ottawa is one of them, where they will be subject to collect and remit the municipal accommodation tax. That's only one step, though, and there are more steps that need to take place.

We're starting to see movement in that direction, but there is much more to be done. What we're looking for from the federal government is to apply the same tax at the national level as well.

The Chair: I have a question for Mark Nantais. On the capital cost allowance and accelerated capital cost allowance, we've had quite a few requests along those lines, especially to remain competitive with the U.S. At what level are you talking about and on what kind of capital investment?

Mr. Mark Nantais: Yes, I didn't mention it in my verbal remarks, but we are part of the Canadian Manufacturing Coalition, which did recommend this. We support the recommendation that they put on the table, so it's being able to write off that cost in a single year. It would be tooling. It would be a number of things. This would be very important for our suppliers as well as for the actual manufacturers. That's the recommendation we support.

The Chair: Greg has one final question here.

[*Translation*]

Mr. Greg Fergus: I have a question for the representatives of the Hotel Association of Canada.

Thank you for your presentation. I completely agree with you that the rules of the game must be fair. In Quebec, it seems to me that Airbnb has reached an agreement with the Government of Quebec to bill its users for taxes, including the TVQ and the GST. Have other provinces done that too?

● (1445)

[*English*]

Ms. Alana Baker : Yes, you're correct. There is an agreement in place in Quebec to collect the provincial and municipal taxes. We see that in only one other province, which is British Columbia. These in fact are tax agreements. One of the challenges with these agreements is that there's quite possibly a lack of transparency and accountability with these.

As I said, we're starting to see movement in various provinces, but what's happening right now is almost like a patchwork of agreements when it comes to taxation across the country at the municipal level and at the provincial level. We have nothing yet at the federal level, and that's important as well.

[*Translation*]

Mr. Greg Fergus: Let me make a slight correction. In Quebec, those who use Airbnb will be required to pay the federal tax as well.

[*English*]

Ms. Alana Baker : The tax is collected on Airbnb users? Yes, but again, that's just for the users. We're talking about the platform level as well. There are multiple levels when it comes to the taxation piece. At the platform level, they also need to be paying sales taxes on the service fees charged to both the guest and the host. The host also needs to be paying taxes on their income, just like traditional rentals as well.

The Chair: Thank you.

Mr. Currie, I have one last thing on business risk management. You may want to provide additional information to the committee on that discussion.

I really do feel that business risk management doesn't meet the needs of Canadian farmers in the context of the trade war that's been fostered by the President of the United States. They're able to roll out billions of dollars in the immediate term. They're just dealing with their farm bill now. Our business risk management program, with the 70% of reference margins, won't hit the target.

If you want to pass along further information to the committee, we'd be willing to have a look at that.

Mr. Keith Currie: Great. Thank you. We will get some stuff together.

It should be noted also that for supply-management sectors, they typically don't participate in business risk management programming, so issuing compensation through that program just doesn't make sense.

The Chair: Okay.

With that, I thank everyone for their presentation and for answering committee members' questions.

We'll take five minutes and then come back to hear from some of the people who are at the back of the room. We will have an open-mike session with six witnesses.

With that, we'll suspend for five minutes.

● (1445)

(Pause)

● (1455)

The Chair: We'll reconvene and go to the open-mike sessions, which I think everyone knows are for about one minute.

We'll start with Rishi Jain.

Mr. Rishi Jain (University of Windsor): Good afternoon, and thank you to the committee for the opportunity to speak with you today.

I represent the World Health Innovation Network at the Odette School of Business at the University of Windsor, with a proposal to drive economic growth through scaling innovation in health systems.

The vast majority of spending in health innovation in Canada is for R and D, over 95%, and not enough is for supporting companies to scale these game-changing innovations. Innovative Canadian companies often leave Canada to grow their businesses, taking with them the jobs and tax revenue they create.

WHIN's proposal for $10 million over five years will allow us to work with innovative Canadian companies, health system leaders, government, academia and citizens to shorten time to market, identify new market opportunities, accelerate innovation procurement and rapidly scale innovative products in Canada, the U.S. and globally. In addition to driving growth for companies, this work will create jobs for Canadians and improve health system quality, accessibility and efficiency, and position Canada as a global leader in scaling health innovation.

Thank you.

The Chair: Thank you very much.

We now turn to Adam Hopkins.

Mr. Adam Hopkins (First Nations Technical Institute at Tyendinaga Mohawk Territory): Thank you, Mr. Chair, and honourable members.

[*Witness speaks in Lunaapeew and Anishnaabemowin*]

Good afternoon.

My name is Adam Hopkins, from the First Nations Technical Institute at Tyendinaga Mohawk Territory.

FNTI, along with the other nine indigenous institutes in Ontario, was recently recognized through provincial legislation as the third pillar of publicly funded post-secondary education in the province. FNTI offers several university- and college-level programs, but our aviation program is the one I'm addressing today.

We currently have 21 full-time aviation students enrolled in the program, 39% of whom are female, and all of whom identify as having indigenous heritage. These students come from all corners of the country, and 100% of them find employment upon graduation.

Our aviation graduates play a critical role in the economic and social development of their communities. They are in fact a link so their communities can access affordable and sustainable food, education and training, industry and technology. With a handful of instructors, engineers, seven outdated planes and an airfield from World War I, we are at the maximum number of students we can admit to the program. Sixty indigenous applicants are on our wait-list for admission. We are restrained by our outdated infrastructure and can't admit a single student more.

Minister Garneau recently visited our aviation campus to witness first-hand how FNTI could be a partner in meeting this gap. Our detailed $8.2-million proposal for aviation infrastructure upgrades is available to the committee, in addition to a separate $22-million proposal for a net-zero building to further support growth at the institute. These proposals have already been delivered to Minister Bains and Minister Garneau.

By 2025, Canada will need to hire over 24,000 pilots to keep up with the current pace of demand. FNTI can play a critical role in meeting that demand, in addition to contributing to building and maintaining those vital links to northern and remote communities. We ask that the federal government partner with FNTI to help us increase our capacity to provide this invaluable service.

I thank the committee for its time.

● (1500)

The Chair: Thank you very much.

Matt Smith is next.

Mr. Matt Smith (ONE Campaign): Honourable members, my name is Matt Smith. I'm a member of the ONE Campaign in Canada.

Oh, they're all standing behind me.

The Chair: You obviously have some backup with you.

Mr. Matt Smith: Yes, I have a little backup.

Did you know that worldwide, 2.7 million infants die every year at birth? Did you know that adolescent girls account for 74% of all new HIV infections? Did you know that today alone 800 children will die of malaria? These stats are startling, but there's hope, and Canada can be a part of it.

In 2015, 2016 and 2017, your very committee recommended increasing Canada's international assistance and establishing a path to investing 0.7% of Canada's gross national income in official development assistance by 2030. I'm here today to call on the Government of Canada to act on these recommendations in budget 2019 by increasing Canada's spending on global development and humanitarian assistance over 10 years through predictable 15% annual increases to the international assistance envelope, IAE, starting in fiscal year 2019.

Thank you.

The Chair: Thank you very much.

Lara Seguin.

Ms. Laura Seguin (ONE Campaign): Hello. My name is Lara Seguin, and I am a member of the ONE Campaign here in Canada.

As you have just heard, and I'm going to reiterate, Canada is the best-performing economy in the G7, and we should be proud. However, on average, Canada invests 37% less on international assistance than other G7 countries. In fact, our investments have dropped by 12% since 2010.

As Canadians we must do more. Worldwide, 766 million people live in extreme poverty, and women and girls are the most affected. New investments in the sustainable development goals present a massive opportunity. Every dollar invested in an additional year of schooling generates earnings and health benefits of approximately $10 in low-income countries.

Let's continue to be proud of Canada's role in the world.

I am here today to ask that in budget 2019 the Government of Canada commit to increasing Canada's spending on global development over 10 years, through predictable 15% annual increases to the international assistance envelope, the IAE, starting in fiscal year 2019.

Thank you.

● (1505)

The Chair: Thank you very much.

Sarah Fairweather.

Ms. Sarah Fairweather (ONE Campaign): Good afternoon. My name is Sarah Fairweather, and I'm a member of the ONE Campaign in Canada. I am here today on behalf of over two-thirds of Canadians who believe that it is our responsibility to help others around the world.

Sadly, Canada's contributions to international assistance have been in steep decline. Canada currently invests 0.26% of its gross national income to official development assistance. At this rate Canada is lagging far behind our closest friends and allies in the G7 and OECD, all this despite Canada's support for the Global Fund, additional investment to girls' education and the increases in budget 2018. These are important first steps, but we are still not doing our fair share.

I am here today with the others to ask that in budget 2019 the Government of Canada commit to increasing Canada's spending on global development, over 10 years, through predictable 15% annual increases to the international assistance envelope, IAE, starting in fiscal year 2019.

Thank you.

The Chair: Thank you very much.

Last on my list is Sasha Caldera.

Mr. Sasha Caldera (Canadians for Tax Fairness): Honourable members, thank you so much for this opportunity. My name is Sasha Caldera, and I work for an organization called Canadians for Tax Fairness. My organization, along with Publish What You Pay Canada and Transparency International Canada, want to see the Canadian government commit to tackling money laundering, tax avoidance and tax evasion. In our opinion, we believe that the federal government needs to advocate for a publicly accessible registry of beneficial owners of companies during the provincial-territorial finance ministers' meeting.

In budget 2019 we would like to see the following. First, we would like to see a commitment to formally engage stakeholders in exploring a public registry. Second, we would like the government to outline a timetable for stakeholder engagement. A publicly accessible registry of beneficial owners would reduce the administrative burden on behalf of businesses conducting due diligence checks and would also help law enforcement with investigations.

Thank you so much for your time.

The Chair: Thank you very much. That, I think, concludes this. There's nobody else on our list.

With that, thank you, members. Have a happy Thanksgiving, and a good Thanksgiving weekend. We shall see you in Whitehorse in a little over a week.

The meeting is adjourned.

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